



Daily Report

East Asia

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Thailand Responds to U.S. Statement on Treaty

BK1012104795 Bangkok THE SUNDAY NATION
in English 10 Dec 95 pp A1, A3

[Report by Kunlachada Chaiphiphat]

[FBIS Transcribed Excerpts] ASEAN leaders will sign the historic Southeast Asia Nuclear Weapons Free Zone Treaty next week despite objections from the United States and China, Thai Foreign Ministry spokesman Suwit Simasakun said yesterday.

Laos, Cambodia and Burma will also take part in the signing, he confirmed.

"We (ASEAN members) will sign it because we think the treaty will help promote international efforts to eliminate nuclear weapons," Suwit said.

The treaty is to be signed by the leaders of 10 Southeast Asian countries at the Fifth ASEAN Summit in Bangkok on Dec 14-15.

Suwit was responding to a US statement voicing reservations about the treaty.

In Washington US State Department spokesman Nicholas Burns said on Friday that the treaty is "too restrictive".

However, he said, Washington would consider signing once its fundamental concerns, including the right of innocent passage for vessels, are resolved.

Norachit Singhaseni, deputy director general of the Foreign Ministry's Department of East Asian Affairs, said the world's five nuclear powers still have ample time before the treaty goes into effect to negotiate with ASEAN.

According to Norachit, the treaty will not go into effect until at least seven of the 10 signatories deliver ratification documents to Thailand, depository of the treaty.

At this stage, the official said, ASEAN members have no plans to delay signing the treaty, which was drafted by an ASEAN committee chaired by Indonesia in Jakarta last month.

"It is the ASEAN leaders' prerogative to sign," he said.

However, Norachit pointed out that some amendments could be made later to accommodate the concerns of the US, China, Russia, France and Britain.

ASEAN officials yesterday questioned the motive behind the US reluctance to sign.

"We feel the statement was designed to test ASEAN's reaction, and we also question the US position on the

non-proliferation of nuclear weapons," said a senior official of the grouping, who asked not to be named.

"The treaty is ASEAN's concrete effort to eliminate nuclear weapons, and its show of support for the non-proliferation of such weapons. So why does the US refuse it?" he asked.

Washington is a major proponent of the Non-Proliferation Treaty (NPT) that came into being earlier this year [as published]. ASEAN also supports the global extension of the NPT and has called for the early conclusion of the Comprehensive Test Ban Treaty by nuclear powers. The grouping publicly decried the resumption of nuclear testing by France and China.

The US, France and Britain all have reservations about ASEAN's treaty, and have indicated their intentions to sign the 1985 Roratonga Treaty next year-after a 10-year delay. China and Russia signed that treaty despite reservations, saying they support its principles.

"Why does the US plan to sign this treaty it once refused, without pushing for a change of its text?" asked the same ASEAN official.

Indonesian chief delegate Izar Ibrahim said yesterday ASEAN was disturbed by the latest US comment on the new treaty. He said the US should not make statements that preempt the signing.

Rather he said the US should talk to ASEAN privately.

A senior official at Washington's Bangkok Embassy on Friday night contacted the Thai delegate and repeated Washington's concerns, particularly those over right of innocent passage. He indicated Washington is not prepared to sign the treaty now.

The treaty follows three others: the Treaty of Tlatelolco (1967) prohibiting nuclear weapons in Latin America; the Roratonga Treaty which declared the South Pacific Area, including Australia and New Zealand, a nuclear weapon-free zone; and the most recent Pelindaba Treaty which covers the African continent.

ASEAN's treaty is based on the same principles, and bans the possession, manufacture and acquisition of nuclear weapons. Under the treaty, the continental shelf and Exclusive Economic Zone will become denuclearized areas.

However, the treaty will not ignore existing territorial claims in the South China sea — a concern voiced by China — and will ensure the right of innocent passage as guaranteed by international laws and the UN Convention on the Law of the Sea.

The treaty's drafting committee also prepared a separate protocol, similar to that of the Roratonga Treaty, for

nuclear powers to sign and through which they can formally state their reservations. [passage omitted]

The Philippines' Foreign Affairs Under-secretary, Rodolfo Severino, said ASEAN expected the US and other nuclear powers to accede to the protocol.

Severino said the treaty allowed passage through the region of naval warships which may or may not contain nuclear weapons.

Alatas Views U.S. Objection to Nuclear Treaty

BK1112065795 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 11 Dec 95

[FBIS Translated Text] Foreign Minister Ali Alatas has expressed his optimism that the U.S. objection to the treaty on Southeast Asian Nuclear Weapons-Free Zone, SANWFZ, will be settled in due time. While speaking to reporters in Bangkok yesterday, Minister Alatas said the SANWFZ treaty is in fact similar to the Rorotonga Treaty, a nuclear weapons-free treaty covering the South Pacific. The United States was involved in the drafting of the Rorotonga Treaty. Alatas said the SANWFZ treaty has many clauses that provide ample opportunities for the participating countries to give it their ratification. Therefore, he cannot understand why the United States is unwilling to ratify the SANWFZ treaty.

Commenting on the growing trend by East Timorese youths to break into foreign embassies in Jakarta, Alatas said the youths merely want to get free tickets to travel overseas.

Promises Details After Signing

BK1112080095 Bangkok THE NATION in English 11 Dec 95 p A3

[FBIS Transcribed Text] Indonesian Foreign Minister Ali Alatas yesterday said Asean will give the United States more clarification about the Southeast Asian Nuclear Weapon Free Zone (Sanwzfz) after the 10 Southeast Asian countries sign it.

Alatas said he was surprised at a US statement that they would consider signing the treaty once the treaty's fundamental concerns, including the right of innocent passage for vessels, were resolved.

US State Department spokesman Nicholas Burns said on Friday that the treaty was "too restrictive".

Upon arriving at the Bangkok Airport to attend the Fifth Asean Summit, Alatas said the Asean members, together with Laos, Cambodia and Burma, would go ahead with the signing although the US and China were unclear on the treaty.

"I don't understand why the American government now has an objection to paragraph 7, which would give the opportunity for those signing to either allow or not allow passage through their territorial waters....," Alatas said.

The US concern on innocent passage has already stated in the treaty, paragraph 7, Alatas said. "I am surprised why the US expressed rejection to the treaty as it is in line with international law. The right of innocent passage is clearly mentioned in the paragraph 7 of the treaty," he said.

According to the paragraph, each party of the treaty may decide for itself whether to allow visits by foreign ships and aircraft to its ports and airfields, transit of its airspace by foreign aircraft and navigation by foreign ships through its territorial sea or archipelagoes and flights by foreign aircraft above those waters.

After the treaty was signed by the 10 Southeast Asian countries, Asean would give more detailed clarification on the concerns of the five nuclear-super power states.

After the signing on Friday, the treaty would not go into effect until at least seven of the 10 signatory states delivered their ratification of the documents to Thailand, depository of the treaty.

Asean has prepared an attached protocol for the treaty, for the signing of the five nuclear powers, the US, China, France, Britain and Russia. The US has voiced concerns on the innocent passage mentioned in the treaty as to whether they have to inform their vessels were carrying nuclear weapons.

Leaders 'Puzzled' by U.S. Nuclear Treaty View

BK1112033495 Bangkok BANGKOK POST in English 11 Dec 95 p 6

[Report by by Nutsara Thaithawat, Suphaphon Kanwerayothin, and Nutsara Sawatsawang]

[FBIS Transcribed Text] Last-minute concerns expressed strongly by the United States over a treaty to declare Southeast Asia a nuclear weapons-free zone have puzzled ASEAN, which gave Washington a draft weeks ago.

ASEAN was hoping for political endorsement by the declared nuclear powers — China, Britain, France, Russia and the US — when it and three future members sign the treaty at the fifth ASEAN summit on Friday.

But ASEAN was not expecting the five to accede on Friday to a protocol attached to the treaty in which they would pledge to respect and not contribute to any act that violated the principles of the treaty.

A senior official of the Association of Southeast Asian Nations said: "We only need a political endorsement of the principles."

No one expected the US to accede to the treaty right away, she said, correcting reports about nuclear powers' accession.

Each of the 10 signatory countries would have to go through their own internal regulations before ratifying the treaty. At least seven were to ratify before the treaty came into effect.

Another ASEAN official close to the drafting process expressed surprise at the high-profile US diplomacy on the treaty.

"I don't understand why they didn't speak up earlier," she said. "We showed them the draft weeks ago to avoid exactly what's happening now." She said ASEAN would go ahead with its plans.

Tan Sri Kamil Jaafar, Malaysian permanent secretary for foreign affairs, said: "If they push for a nuclear nonproliferation treaty and the comprehensive test ban treaty I don't see why they should object to the principles in the treaty because they are consistent."

He referred to article 2 of the treaty which defined its scope: the signatory countries' territories, continental shelf and exclusive economic zone.

It also said the rights of other states under international law would not be prejudiced by the treaty. These rights regard freedom of the high seas under the United Nations Convention on the Law of the Sea, and rights of innocent passage, archipelagic sealanes passage, transit passage of shipping and aircraft.

State Department spokesman Nicholas Burns said in Washington the US would not join ASEAN in signing the treaty unless it made further changes to the document.

Foreign ministers of Brunei, Indonesia, Malaysia, Singapore, the Philippines, Thailand and Vietnam were to meet today ahead of the summit on Thursday and Friday. So far, the reactions of some of them towards the US had been cool.

Malaysian Foreign Minister Abdullah Badawi said: "We have our own agenda, ASEAN leaders are well aware of what are our own interests and that's why we must sign the treaty."

Ali Alatas, his Indonesian counterpart, said: "Our prospective treaty contains similar language as the Roratonga treaty so I don't understand why the US has objections," said

The Roratonga treaty, covering the South Pacific, had similar objectives as the ASEAN treaty.

Only Philippine Foreign Minister Domingo Siazon expressed caution that without the support of the five powers, the treaty would be merely a statement of policy.

A source said the US reaction came as a bolt from the blue. One ASEAN member country even floated the proposal to invite leaders from the five powers to accede to the protocol in Bangkok.

The source involved in the drafting said ASEAN would not be looking to modify the draft treaty nor the protocol this week, and the 10 leaders would sign the document as planned.

"ASEAN does not want to be seen as bowing to US pressure" she said of the "high profile" diplomacy being brought to bear on individual member states.

ASEAN had been working on the draft Southeast Asian Nuclear Weapon-Free Zone since the early 1970s.

Singapore Minister Supports Nuclear Treaty

BK1112114195 Singapore Radio Corporation of Singapore in English 1000 GMT 11 Dec 95

[FBIS Transcribed Text] ASEAN foreign ministers have agreed to go ahead with the region's nuclear free zone treaty despite the reservations of the U.S. and China. Secretary General Ajit Singh said the ministers had finalized all documents and draft reports. The treaty will ban the possession, manufacture, and acquisition of nuclear weapons, but will allow the passage of naval ships and aircraft of other powers which may or may not be carrying nuclear weapons.

Singapore Foreign Affairs Minister Professor Jayakumar called on the nuclear states to join ASEAN in this initiative. He said their endorsement is needed for the treaty to be effective. Prof. Jayakumar also said cooperation among ASEAN members have been enhanced since the last summit in Singapore three years ago. This is particularly in the development of the free trade area.

Banhan Views U.S. Nuclear Protocol Reservations

BK1112145695 Bangkok Thai Color Television Channel 9 in Thai 1320 GMT 11 Dec 95

[FBIS Translated Text] Prime Minister Banhan Sinlapacha has commented on the U.S. reservations over the protocol on a nuclear-free zone in Southeast Asia. He says the United States may give its support of the protocol after consultation with ASEAN countries.

[Begin Banhan recording] Consultation will have to be held gradually. For example, the Japanese prime minister at first expressed his opposition during the meeting

on agricultural products. However, after several rounds of talks he agreed with the compromise measures. A similar situation occurred at the current ASEAN meeting. Indonesia wanted to exclude 15 agricultural products. Other ASEAN countries disagreed. Compromise was eventually reached. Therefore, there should be no problem in signing the nuclear free zone accord. Since the United States has expressed reservations, consultations will be needed. In the meantime, the countries that agree can endorse it as a pledge to uphold the accord. [end recording]

Deputy Prime Minister General Chawalit Yongchaiyut says the following on the same issue:

[Begin Chawalit recording] As long as ASEAN countries agree on what situation they want to see happen in their region, whether others outside the region guarantee or give it the stamp of approval is their business. However, it would be good if they give it their support. Therefore, there will have to be consultations on what are the real problems and to come to an agreement. That is all there is to it. [end recording]

Goh Views U.S. Reservations on Nuclear Treaty

BK1212110395 Singapore Radio Corporation of Singapore in English 1000 GMT 12 Dec 95

[FBIS Transcribed Text] Prime Minister Goh Chok Tong says it will take some time for the nuclear powers to remove their reservations and sign the Southeast Asian Nuclear Weapon-Free Zone [SEANWFZ] Treaty.

In the meantime, ASEAN nations will go ahead with signing the treaty and that itself is an achievement.

Tuti Johari, who is in Bangkok to cover the ASEAN summit, with the story.

[Begin Tuti recording] Mr. Goh made this point on a BBC program called East Asia Today. He said the main reservation of the United States towards the treaty is whether its nuclear vessels are allowed free right of passage. He said so long as this is provided for in the accord, Washington should be quite prepared to sign the treaty.

Asked about China's reservation, Mr. Goh said Beijing feels the treaty touches on certain areas which they claim as theirs.

Mr. Goh also dismissed reports of an arms race in the region. He said the weapons that member countries are buying are meant for their own defense. Mr. Goh said the emphasis among Asian nations is on economic cooperation.

Tuti Johari, RCS News, in Bangkok. [end recording]

'Compromise' Reached on Farm Products Dispute

BK1012113995 Bangkok THE SUNDAY POST in English 10 Dec 95 p 4

[Report by Somphon Thapanachai and Wichit Sirithawiphon]

[FBIS Transcribed Text] A compromise was reached to resolve the deadlock over sensitive farm products last night during an informal dinner of the Association of Southeast Asian Nations' AFTA [ASEAN Free Trade Area] Council.

Finance Minister Surakiat Sathianthai chaired the dinner, but declined to reveal the details of the compromise.

He said each of the seven delegations are to report back to their respective governments and confirm the resolution of the deadlock at the ASEAN Free Trade Area's council meeting today.

The Philippines had wanted to exclude rice from the tariff reduction scheme of the AFTA, known as the Common Effective Preferential Tariff, while Indonesia wanted to remove 15 farm items from its temporary exclusion list and place them on the sensitive list.

Vietnam is also unable to submit the list for the tariff reduction programme. It is still unclear which items will go in which category: the options include exclusion list, temporary exclusion list, sensitive list.

Mr Surakiat said before the dinner that different approaches would be adopted to reach a compromise on each problem but stressed that all seven ASEAN members would need to have a clear view of how tariff and non-tariff barriers would be minimised in a set time-frame.

One possibility is for members to allow those sensitive products to be protected longer than other products.

They have the choice between two target dates: 2008 which is the original target of the realisation of AFTA (ASEAN has decided to shorten the target to complete AFTA in 2003) or 2010 which is the target for trade and investment liberalisation for developed economies of the Asia Pacific Economic Cooperation.

Mr Surakiat, as well as ASEAN secretary-general Datuk Ajit Singh, said the compromise could be reached in the ASEAN spirit.

ASEAN comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Steps Proposed To Guard AFTA Free Trade List

*BK1012074095 Bangkok THE NATION in English
9 Dec 95 p A7*

[Report by Surachai Chupaka and Chirawat Na Thalang]

[FBIS Transcribed Text] ASEAN should introduce a mechanism to prevent member nations from pulling out products committed in the regional free trade basket, according to a proposal to be submitted to the economic ministers.

Such a mechanism for the Asean Free Trade Area (Afta) should be along the lines of the multilateral trade forum or the World Trade Organization [WTO].

Asean economic officials suggested that Asean create a preventive mechanism such as one that would require compensation or negotiations before any member is allowed to transfer any product item, according to Kroekkrai Chiraphaet, the director-general of the Business Economics Department.

The officials believed that existing Afta mechanisms might be too loose and would provide the room for some countries to opt out any product. He said some Asean officials at the meeting yesterday proposed that Asean exercise the procedures used by the WTO. The WTO requires members to negotiate and discuss compensation before they are allowed to withdraw any item from the trade liberalization list.

The idea was raised after senior economic officials failed to agree on the sensitive non-processed farm list after Indonesia tried to transfer 15 items from the less-protected list to the category of sensitive non-processed farm goods, which would be subject to a high degree of protection.

Indonesia cited domestic problems and technical errors in its bid to drop the 15 items from Afta. But Kroekkrai said that if Afta allowed its members to withdraw any item according to the members' wishes, Afta would eventually have only a small number of products left on the negotiating table.

Asean senior officials yesterday considered the draft economic agreements, which they forwarded to their economic ministers who will begin their meeting on Dec 10.

Kroekkrai said the Asean economic ministers already agreed on most points. The Asean economic ministers will endorse the agreements to amend the economic-cooperation and tariff-cut schedule under Afta's so-called Common Effective Preferential Tariff (Cept).

Asean senior political and economic officials started their separate meeting on Dec 6 as preparation for the

Asean Summit from Dec 14-15. They merged yesterday in a joint consultative meeting to combine their reports for Asean ministers to the heads of government.

The draft reports on political and functional cooperation sailed through without much alteration.

Thai Finance Minister on Free Trade Principle

*BK1012132595 Bangkok THE SUNDAY NATION
in English 10 Dec 95 p 3*

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Finance Minister Surakiat Sathianthai has warned that any decision to add to the ASEAN Free Trade Area [AFTA] protection list might erode investors' confidence in the region.

Surakiat was commenting on an Indonesian decision to exclude 15 farm items from the AFTA normal tariff cut plan.

"ASEAN should not back down from the principle of free trade," he said.

If any member really needs to protect certain items, ASEAN has to find a way to make that country feels comfortable about it.

Surakiat suggested that ASEAN members might have to create a modality for each sensitive product because, at present, each country is facing different problems.

Indonesia wants to protect its 15 items, while the Philippines wants to permanently exclude rice from the free trade liberalization plan.

Thailand, meanwhile, wants to include rice on the sensitive list. Malaysia's officials have different views on the exclusion of some farm products.

Surakiat will today represent Thailand at an AFTA council meeting, at which the inclusion of unprocessed farm products will be discussed for the first time.

Last week, senior ASEAN officials deadlocked on the issue of sensitive farm products. The talks centred on Indonesia's withdrawal of the 15 farm items from the normal tariff cut requirement of AFTA.

Surakiat said if Indonesia needs to exclude those items, ASEAN must prepare transparent procedures to ensure confidence within the private sector, which is keen to benefit from the AFTA plan.

For instance, ASEAN must come up with a clear-cut timeframe for bringing the sensitive items into the AFTA basket.

Thai Official on Need for ASEAN Patent Center

*BK1012121995 Bangkok THE SUNDAY POST
in English 10 Dec 95 p 4*

[FBIS Transcribed Text] ASEAN should make the decision or whether or not to set up patent and trademark centres no later than 2000, a senior Commerce Ministry official said yesterday.

The offices are necessary if ASEAN is to take the bold step of establishing a common system for the region under an agreement on intellectual property cooperation to be signed by economic ministers at the end of the fifth ASEAN summit on Friday.

The agreement aims to boost cooperation on issues such as the protection of things like patents, trademarks and commercial secrets.

Wirawit Wiraworawit of the Commerce Ministry's Intellectual Property Department said political will and strong commitment were needed from ASEAN on the issue.

"We should decide one way or another. I would say by the year 2000," he said expressing his personal view at a press conference.

ASEAN officials from Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam are studying examples of intellectual property offices in various countries, including Europe.

Mr Wirawit, who chaired the working group drafting the agreement, said the setting up of the offices will not be easy because member countries have to amend domestic laws to come into line with each other. They must also establish a database system to share information.

But he did not expect the database to be a problem thanks to new computer technology.

ASEAN has assured world powers its plan to form a common system on patents and trademarks is not aimed at building a bloc for its self interests.

Mr Wirawit said "Several countries thought we were going too far, that some of us were too ambitious in trying to inject the element of supra-nationalism into the ASEAN cooperation. But at the end we could manage to sort out differences of views."

He added that the grouping aimed to cooperate with other countries on the issue.

ASEAN's move on the intellectual property issue has been welcomed by America and Europe amongst others, but there has been some concern about the long term results of such integrated cooperation.

ASEAN has been working on the intellectual property agreement since September last year after it realised it could protect its businesses, boost the confidence of foreign investors and ultimately lure more to the region.

Patents and trademarks are key elements in the issue of intellectual property rights. The agreement includes cooperation on copyrights, industrial designs and commercial secrets.

Indonesia Granted 'Reprieve' on Tariff Reductions

*BK1112050795 Bangkok BANGKOK POST
in English 11 Dec 95 p 1*

[Report by Suphaphon Kanwerayothin, Wichit Sirithawiphon, and Somphon Thapanachai]

[FBIS Transcribed Text] Ministers from the Association of Southeast Asian Nations [ASEAN] yesterday invented a graceful exit for Indonesia on the sensitive issue of tariff reductions.

The reprieve came after a change of heart by ASEAN's most populous nation, which almost ruptured the grouping's plan to create the ASEAN Free Trade Area [AFTA].

Economic ministers from Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam decided on the reprieve yesterday during an AFTA council meeting.

The council is the ruling body for ASEAN's ambitious plan to realise the free trade area by 2003.

Noting the sensitivity of the 15 products which Indonesia requested reprieves for, the ministers approved the creation of a specific tariff category under the Temporary Exclusion List for Unprocessed Agricultural Products.

"This liberalisation process is complex — most of these items have to do with the welfare of millions of our farmers," said Indonesian Minister for Industry and Trade T. Ariwibowo when pressed by reporters for an explanation.

As a result, Indonesia can put the 15 products, including cloves and garlic, immediately into the new category.

Another condition attached to the package is that these products be subject to review in 2003. The review will decide whether the products have to conform with normal tariff reductions or remain in the same category.

But the bottom line is that these products cannot be excluded from tariff cuts beyond 2010, the target year by which ASEAN intends to finish lowering tariffs on items currently on the sensitive list.

"We should not regard this as protectionism by Indonesia because these items are already on the temporary exclusion list anyway. We won't move them anywhere else," Mr. Ariwibowo said.

Indonesia's Coordinating Minister for Production and Distribution said his country would be "ready later on when we are participating in APEC."

The Asia-Pacific Economic Cooperation (APEC) forum is a larger organization including economic heavyweights such as the US, Japan, China.

Prior to the solution, which was reached in an eleventh hour effort by ASEAN ministers on Saturday night, Indonesia had asked that these items be shifted from the temporary exclusion list to the sensitive list.

At a joint press conference after the meeting, the ministers assured that the exceptions made would not jeopardize plans to reduce tariffs within the grouping to between 0-5 percent when the free trade area comes into being.

"It is important not to lose sight of what AFTA has achieved so far. We are actually broadening the bounds of AFTA very rapidly," said Singapore's Industry and Trade Minister Yeo Cheow Tong, citing the growing list of products on which tariffs have decreased.

Finance Minister Surakiat Sathianthai said despite Indonesia's request for tariff exemptions, ASEAN has succeeded in keeping the principles of AFTA intact.

Thailand, he added, will also benefit from the latest concession to Indonesia.

Secretary General Views 'Pressure' To Liberalize

BK1112121295 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 11 Dec 95

[FBIS Transcribed Excerpt] ASEAN will not bow to pressure from developed countries to liberalize its services sector much faster than the pace which it is comfortable with. ASEAN Secretary General Datuk Ajit Singh said negotiations for working out the agreement on services would begin next month, and officials had been given a three-year deadline to complete the talks.

He said this to reporters during a break at the ASEAN economic ministers meeting, which is being held in Bangkok to finalize documents pertaining to economic matters which will be signed by ASEAN leaders when they meet at their summit later this week. However, Ajit said, the agreement to be reached by early 1999 would be consistent with the principles of free and open trade subscribed to under the General Agreement on Tariffs and Trade, GATT. The area [words indistinct], among others, include banking, insurance, consultancy, accountancy, maritime transport, shipping, and telecommunications.

Over the past several years, developed countries such as the United States have been pressuring developing countries to fully liberalize their financial services sector, but ASEAN has been reluctant to do so. Deputy Prime Minister and Finance Minister Datuk Sri Anwar Ibrahim had pointed out that while Malaysia was committed to liberalizing the services sector, it would have to do so at its own pace. [passage omitted — previewing ASEAN summit]

AEM 'Positive Response' to Liberalization Noted

BK1212101695 Bangkok THAILAND TIMES
in English 12 Dec 95 p A1

[Report by P. Phongphiphatthanaphan and Warani Khunawasen]

[FBIS Transcribed Text] Bangkok — Thailand has been successful in its bid to push for the liberalization of the finance and service sectors to commence on the next three years during the ASEAN Economic Ministers (AEM) meeting yesterday.

Finance Minister Surakiat Sathianthai said he proposed the idea of finance and service liberalization which is in accordance with the objectives of the ASEAN Free Trade Area (AFTA) at the AEM meeting, and got positive response from the member countries.

He said that liberalization in other sectors such as banking, stock market, telecommunications, communications, and intellectual property will be gradually introduced as well.

"Many countries are active in liberalizing the service and finance sectors. The representatives of member countries will join the Senior Economic Officials Meeting in January to discuss the regulations of finance and service liberalization," Surakiat said.

Thailand will choose representatives from various agencies concerned such as the Bank of Thailand, Office of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), Finance Ministry, and commercial banks, to participate in the SEOM [Senior Economic Officials' Meeting] next month. The names of the representatives are expected to be known within this month.

In March 1996, experts from each member country will join the SEO meeting again to discuss the matter.

An official from the Finance Ministry who joined yesterday's AEM meeting said that SEC's Deputy Secretary-General Prasan Trairatworakun, SET's senior vice president Chaiphat Sahatsakun will act as the country's

representatives. The Thai Bankers Association, on the other hand, will elect the representative of commercial banks.

The official said that by the end of this month, the Finance Ministry will summon the parties concerned, such as Insurance Department, Commerce Ministry, Thai Bankers' Association, the Association of Foreign Banks, and private sectors, to discuss the proposals that Thailand will introduce during the SEOM in January.

Permanent Secretary for Finance M.R. [Mom Ratchawong — royal title] Chatumongkhon Sonakun said it is good news that Thailand has succeeded in pushing the liberalization of the finance and service industries.

After the scope of the liberalization has been set, members of the private sector will be able to play their role in the matter, he said.

"This success can be attributed to the government's excellent work," M.R. Chatumongkhon said.

Deputy Prime Minister Amnuai Wirawan said that the agreement will be signed during the ASEAN summit on Friday.

EU Official Urges Telecom Liberalization

BK1212075995 Bangkok BANGKOK POST in English 12 Dec 95 pp 6, 7

[Report by Peter Maitri Ungphakon, Wichit Sirithawiphon, and Somphon Thapanachai]

[FBIS Transcribed Text] The European Union yesterday urged members of the Association of Southeast Asian Nations to participate in negotiations on liberalising "basic" telecommunications and to help draft an international agreement on liberalising investment.

The call came from Sir Leon Brittan, vice-president of the European Union's Commission — its executive — at a meeting with ASEAN economic ministers in Bangkok.

Among the topics discussed were preparations for the 25 nation Asia-Europe summit due to be held in Bangkok in March, proposals for the World Trade Organisation's first ministerial meeting due to be held in Singapore next December, and EU-ASEAN cooperation for the development of "third countries" likely to become ASEAN members soon.

At a press conference, Sir Leon refused to be drawn on whether this last objective would include Burma. He merely stated that the EU's concern about human rights in Burma remains. ASEAN ministers, however, stated that as far as they were concerned Burma, Laos and Cambodia were being treated equally, although only

Laos and Cambodia have set 1997 as their target dates for joining ASEAN.

The two sides are also said to have discussed the controversial proposal to link labour rights and other social issues with trade under the WTO.

Sir Leon told a press conference the EU still considered the issue to be important, but he stressed that whatever was concluded would have to be agreed by developing countries and developed countries alike. He insisted that the EU did not want to see these social considerations used as an excuse for protectionism. But issues such as child labour, human rights and the lack of freedom to form trade unions should be tackled by trade agreements, he said.

ASEAN opposes the introduction of labour and social issues into world trade agreements. The group argues that these issues should be handled by the International Labour Organisation. But Pehin Dato Abdul Rahman Taib, Brunei's industry and primary resources minister, who chaired the meeting, said ASEAN appreciated the EU's clarification.

The consultations with the EU delegation came after ASEAN economic ministers met to approve drafts and reports to be submitted to their leaders on Thursday and Friday. Foreign affairs ministers met separately.

Today, the pace eases with the two groups of ministers due to meet jointly late this afternoon. Tomorrow, activities intensify again as leaders arrive in Bangkok for the two-day summit.

In his consultations with the economic ministers, Sir Leon expressed the EU's satisfaction that the recent Asia-Pacific Economic Cooperation (APEC) group decided to make its initial liberalisation moves available equally to non-members. ASEAN ministers are said to have asked the Europeans to reciprocate by lowering their barriers.

Drafting new rules for investment has clearly become a European Union priority. Sir Leon told the press conference the EU wanted to see countries make their investment regulations transparent, with clearly spelled out criteria. Repatriation of profits should also be permitted.

In an interview with the Bangkok Post, Sir Leon also identified investment as a European priority for both meetings.

He said the present world climate, with developing countries also actively participating in world trade talks, required a broad range of countries to be involved in drafting new investment rules.

The Organisation for Economic Cooperation and Development (OECD), the club of industrial nations is drafting a new multilateral agreement on investment. But Sir Leon said members of the World Trade Organisation should become involved in the issue before the OECD completed its efforts.

"We should not just wait for an OECD agreement because the countries that are most involved in the process of continuing investment, receiving more investment and opening up to investment are not the OECD countries," Sir Leon said.

"Therefore if an internationally acceptable agreement is to be achieved, it is very important that the non-OECD countries should get involved in the process of discussion at an earlier stage."

But he added that before new issues such as investment were added to the World Trade Organisation's agenda, negotiations that have been under way for the past two years since the end of the Uruguay Round of world trade talks should be completed.

One of these negotiations is on basic telecommunications — primarily the straightforward domestic and international telephone networks provided in Thailand by the Telephone Organisation of Thailand and Communications Authority of Thailand but not so called value-added service such as mobile telephones and paging. The other negotiation concerns maritime navigation.

The target date for completing the WTO's basic telecommunications talks is next April. But so far, only a handful of countries are participating. Thailand and the rest of ASEAN are not.

"I'm afraid so far the degree of participation and depth of participation from this part of the world is inadequate," Sir Leon said.

"One of the things that I will be saying is that I hope very much that offers can be put on the table from the countries of this part of the world which will help us move towards an agreement."

The objectives of the telecommunications talks are: to draft special rules for the sector using the broad principles of the umbrella treaty known as the General Agreement on Trade in Services, and for participants to offer commitments to take specific liberalisation steps.

These would have to conform with such principles as non-discrimination between local and foreign companies.

Ministers Meet Private Sector Representatives

BK1212075795 Bangkok BANGKOK POST
in English 12 Dec 95 p 21

[Report by Wichit Sirithawiphon]

[FBIS Transcribed Text] ASEAN private-sector representatives told the group's economic ministers yesterday they will fully support efforts to help small and medium-size firms become international companies.

They delivered their message at a meeting between the ministers and the ASEAN Chambers of Commerce and Industry (ASEAN-CCI), the regional umbrella organisation representing businesses in member countries.

Thirachit Sathitotamawong, vice-chairman of the Federation of Thai Industries, said encouraging regional companies to operate in more than one ASEAN member would help them become competitive in world markets.

He represented Thailand on behalf of the Thai vice-president of the ASEAN-CCI, Narongchai Akkraserani, chief executive of the General Finance & Securities Group, who was unwell.

Mr Thirachit welcomed the newly established ASEAN Industry Cooperation (AICO) framework and expressed confidence it would play a leading role in supporting the growth of Southeast Asian enterprises.

The AICO is aimed at promoting investment throughout ASEAN in all products. It allows tariffs of 0-5% on products included in the scheme and allows companies from outside ASEAN to form joint ventures with counterparts in the group on condition that the ASEAN companies have at least 30% of the shares.

Mr Thirachit said the AICO programmes could be started next year with support from the private sector.

The ministers agreed to all proposals from the ASEAN-CCI, including the establishment of an office to link the state and private sectors.

The office will be opened at the ASEAN secretariat in Jakarta in March, with costs met by the ASEAN-CCI, he said. The ministers agreed to allow Vietnam, Laos and Cambodia to be ASEAN-CCI observers without voting rights.

Indonesian Industry and Trade Minister T. Ariwibowo proposed closer consultations between each ASEAN member and its national chamber of commerce to bring about better cooperation and speed up programmes proposed by the private sector.

The ASEAN-CCI proposed to hold a private-sector summit every two years to give businessmen a chance to

meet counterparts from around the world, Mr Thirachit said.

The first summit will be held in Jakarta in 1996 with at least 2,000 participants, he said.

Foreign Ministers Endorse Summit Statement Draft

BK1212062495 Bangkok THE NATION in English

12 Dec 95 p A2

[Report by Marisa Chimprapha and Kunlachada Chaiphiphat]

[FBIS Transcribed Text] ASEAN Foreign Ministers yesterday endorsed the final draft of the Bangkok Summit Declaration in which ASEAN leaders lend political support and provide guidelines for the grouping's effort to work towards a speedy realization of a 10-member group.

At their meeting yesterday, the leaders also agreed to include in the declaration a joint call for nuclear powers to sign a protocol to be attached to the Southeast Asian Nuclear Weapons-Free Zone (SEANWFZ) treaty set to be signed by leaders of the 10 countries in the region on Friday.

The leaders will also call on all non-Southeast Asian countries to adhere to ASEAN's 1976 Bali Treaty of Amity and Cooperation in Southeast Asia (TAC).

The 12-page draft declaration, which will be signed by ASEAN leaders on Dec 14 and 15, states that integration of regional countries would be guided by the spirit and principles of the Treaty of Amity and Cooperation (TAC) in Southeast Asia and the Declaration of ASEAN Concord.

"Cooperation, peace and shared prosperity shall be the fundamental goals of ASEAN," the declaration states.

The document did not mention a clear timeframe for fulfilling such integration, but ASEAN foreign and economic ministers in their joint reports recommended that it should be possible by the year 2000.

In the declaration, leaders welcome Vietnam's membership and the participation of Laos and Cambodia as observers in the grouping.

The leaders also express confidence in the speedy realization of ASEAN comprising the whole of Southeast Asia, which they note is encouraged by the accession of all Southeast Asian countries to the TAC and its endorsement by the United Nations General Assembly in Resolution 47/53(b) and by the signing of the Southeast Asia Nuclear Weapons-Free Zone (SEANWFZ) treaty.

They note that the historic first meeting of the seven ASEAN heads of government with the leaders of Laos,

Cambodia and Burma on Dec 15 will mark a significant step towards realizing this goal.

The leaders state in the declaration that they will help facilitate and expedite integration through development of channels of dialogue and avenues for interaction with prospective ASEAN member states at various levels and in political and non-political areas.

The leaders also stress that an expanded ASEAN would maintain the tradition of consultation and consensus among ASEAN members by exploring ways to ensure that its expansion does not undermine the group's dynamism and viability amid a rapidly changing world.

The leaders also emphasize ASEAN's continued central role in cooperating with other participants in developing the ASEAN Regional Forum (ARF) into an effective and meaningful process which will serve to promote peace and security in the Asia-Pacific region as conceived in the ASEAN Concept.

For the first time, the summit declaration addresses the South China Sea dispute by mentioning it by name and calling for an early and peaceful solution to the problem.

Foreign Minister Kasemsamson Kasemsi told The Nation earlier that the inclusion of this problem in the political and security cooperation reflects the importance ASEAN places on the early settlement of the problem and marks a major step in collective ASEAN security cooperation.

China and four ASEAN members — Brunei, Malaysia, the Philippines and Vietnam — claim all or parts of the islands in the South China Sea. At the ASEAN Ministerial meetings in Brunei, China, which is an ASEAN consultative partner, agreed to discuss the overlapping claims with ASEAN on the basis of the UN Convention on the Law of the Sea.

ASEAN Foreign Ministers Meeting Results Noted

BK1112075395 Bangkok Radio Thailand Network in Thai 0530 GMT 11 Dec 95

[FBIS Translated Text] The ASEAN foreign ministers meeting ended around noon today in an atmosphere of friendship and mutual good understanding. According to a report from the Royal Orchid Sheraton Hotel by a Public Relations Department correspondent, the full delegation meeting began in the morning under the chairmanship of Thai Foreign Minister M.R. [royal title] Kasemsamson Kasemsi.

In a report after the meeting, the foreign minister said the meeting had proceeded with a good atmosphere. The participants were satisfied with the major draft documents, including the reports of the ASEAN foreign

and economic ministers, which will be forwarded to the ASEAN heads of government on 14 and 15 December. The meeting also approved the draft Bangkok Declaration of 1995, which gives importance to economic, security, economic cooperation, and social matters. It also endorsed the agreement on a nuclear free zone in Southeast Asia and the draft major points of the meet-

ing of ASEAN heads of government and of the summit between ASEAN heads of government and the heads of the Government of Laos, Cambodia, and Burma.

The foreign minister said the meeting did not discuss U.S. reservations over the draft agreement on the nuclear free zone in Southeast Asia.

Japan

DA Chief Explains Rationale for Base Move

OW1112040295 Naha RYUKYU SHIMPO
in Japanese 11 Dec 95 Morning Edition p 1

[FBIS Translated Text] Seishiro Eto, director general of the Defense Agency [DA], answered reporters' questions at his home in Oita City on 10 December. In regard to a plan to relocate the U.S. Marine Corps Air Station [MCAS] in Futenma to a land reclamation site off Naha Airport, Eto disclosed that a study is underway, focused around a plan to move the Marine Corps facilities off shore. He said: "Since local residents and authorities are saying they want Futenma MCAS relocated, we would like to give utmost priority to that request. The plan, in itself, has become quite concrete."

At the same time, however, Eto stressed he plans to give utmost priority to the views of the Okinawa Prefectural Government, saying: "Since this is a request made by local residents and authorities, it is not a matter for the central government to decide."

Moreover, in regard to the issue of relocating live-fire exercises across prefectural Route 104 to mainland Japan, Eto said: "We intend to hold consultations with local authorities on the mainland after they have made their decisions." Although the local governments in the vicinity of the five prospective relocation sites across the nation have expressed opposition to the relocation plan, the DA director general requested their cooperation, saying: "We would like to see consideration given to the Okinawan people. We cannot call it 'caring politics' unless there is a readiness to share hardships."

U.S. Defendant Apologizes; Confession 'Coerced'

OW1112042695 Tokyo KYODO in English
0404 GMT 11 Dec 95

[FBIS Transcribed Text] Naha, Japan, Dec. 11 KYODO — A U.S. serviceman on trial for the rape of a schoolgirl apologized in Naha District Court on Monday [11 December], but maintained that his signed confession had been coerced by U.S. military authorities.

Rodrigo Harp, 21, a private first class in the U.S. Marine Corps, said there was no excuse for the incident, which he called "stupid." He added that he understood the anger of the people in Okinawa and should apologize for what he did.

Harp and two other U.S. servicemen, Navy Seaman Marcus Gill and U.S. Marine PFC. Kendrick Ledet, are standing trial for the Sept. 4 abduction and rape of the schoolgirl. The attack unleashed a storm of protest against the U.S. military presence in the island prefecture.

At Monday's third hearing, Harp continued to maintain that on several occasions he had denied the facts of the rape as presented by U.S. military investigators, but signed the confession because authorities told him he would receive a lighter sentence.

At last week's hearing, Denitrea Harp, 24, the Marine private's wife, also apologized to the girl and her family and said that members of her church were collecting money to help pay compensation to the victim.

The three servicemen have been accused of going to the northern part of Okinawa Island around 8 P.M. Sept. 4, grabbing the girl, who was returning home from a shopping trip, forcing her into a van they had rented and raping her.

At the first hearing Nov. 7, Gill pleaded guilty to charges of abduction and rape, while Ledet and Harp said they conspired with Gill but denied raping the girl.

A fourth hearing is scheduled for Thursday.

Government Defends Procurement Achievements

OW1112050595 Tokyo KYODO in English
0448 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — The government Monday [11 December] defended its procurement achievements against foreign criticism by releasing Japan's first white paper on government procurement, which notes the ratio of foreign goods to total procurement is high relatively to other industrialized nations.

Contrary to some foreign complaints that the Japanese Government does not sufficiently buy goods from abroad, the white paper shows that procurement practices have not discriminated between domestic and foreign companies, officials at the prime minister's office said.

In 1994, the government procured 731.8 billion yen worth of goods under a self-imposed action program to improve procurement practices, compared with 761.1 billion yen in 1993, 616.9 billion yen in 1992, 574.2 billion yen in 1991 and 490.6 billion yen in 1990.

The action program was adopted Feb. 3, 1994 in response to foreign criticism of the allegedly closed nature of the nation's government procurement market.

The five-year review shows an upward trend in government procurement, although the 1994 figure is down 3.9 percent from the year before, the paper says.

Of the annual total, foreign goods accounted for 18.0 percent in 1994, 20.0 percent in 1993, 15.2 percent in 1992, 15.2 percent in 1991 and 14.2 percent in 1990.

The white paper shows 71.2 billion yen or 54.1 percent of foreign goods in 1994 came from the United States and 30.9 billion yen or 23.5 percent from the European Union (EU).

According to a calculation on the basis of a General Agreement on Tariffs and Trade standard, the rate of foreign goods in 1990 was 14.4 percent for Japan in terms of value, compared with 11.9 percent for the U.S., 4.3 percent for Britain, 2.0 percent for the EU and 1.0 percent for Germany, the white paper says. The figures for the latest four years were not available, however.

The white paper aims to publicize information on Japanese Government procurement, increase transparency in the procurement process, and promote opportunities for domestic and foreign companies to enter the procurement market, they said.

The 596-page publication contains detailed information on government procurement achievements, procurement procedures and the state's efforts to promote transparency, fairness and competitiveness in the procurement market.

The white paper says main procured products in 1994 included business equipment such as computer systems and copiers, telecommunications equipment and optical instruments.

Among major purchasers in government organizations were the Ministries of Education, Posts and Telecommunications, Transport, and Health and Welfare, while those in the nongovernment sector were domestic telecom giant Nippon Telegraph and Telephone Corp. (NTT) and East Japan Railway Co. (JR East), it says.

The white paper will be issued annually starting this year.

The prime minister's office will issue an English-language edition, hopefully by the end of January, the officials said.

Article Criticizes Kato's Ties to DPRK

OW1212042195 Tokyo BUNGEI SHUNJU
in Japanese 10 Dec 95 pp 116-127

[Article by Katsumi Sato, president of the Modern Korea Institute, and Tsutomu Nishioka, managing editor of MODERN KOREA: "Is LDP Leader Koichi Kato North Korea's Puppet?"]

[Text] Nothing is stranger than the recent decision by the Japanese ruling coalition to supply tons of rice to North Korea. The Japanese Government has been explaining to the press that since North Korea acknowledged a rice shortage and made a formal

request to Japan for help, Japan should comply, from a humanitarian viewpoint.

However, the reality was far from what the Government said. On August 2, the SANKEI SHIMBUN published an article concerning Kim Yong-sun's remarks that appeared in the August issue of a South Korean anti-government magazine called MARU. Kim Yong-sun, secretary of the Workers' Party of Korea [WPK] in charge of South Korean and Japanese affairs, is the very person who accepted the Japanese rice aid.

He was quoted as saying, "Basically, we have already solved our food, clothing, and housing problems. But since Japan wants to send us rice as an act of apology for what it did to us in the past, we feel no reluctance in accepting Japan's offer of rice. As rice can also be used for stock breeding as well as for the processing industry, the more we have, the better."

We were very interested to know how the Japanese Government would react to this remark. It took the Government as long as two weeks to release an official comment on Kim's remark. Chief Cabinet Secretary Koken Nosaka eventually referred to the matter during a press conference held on August 17, which was about two weeks after the SANKEI SHIMBUN reported it. If Kim's remarks were entirely contrary to fact, the Japanese Government could have immediately raised an objection. Why did it take so long to comment on Kim's remarks?

There are two important points in his remarks. The first point is that North Korea is not suffering a food shortage. The second point is that North Korea accepted the rice because Japan offered to supply it in apology for its past conduct. Now, let us study the two points carefully.

Secret negotiations between Japan and North Korea concerning Japan's offer of rice began in the autumn of 1994, under the leadership of Koichi Kato, then chairman of the Policy Research Council of the Liberal Democratic Party [LDP], who is currently LDP Secretary General. When the ruling coalition's mission, led by senior LDP member Michio Watanabe, visited North Korea in March, North Korean Prime Minister Kang Song-san and Secretary Kim Yong-sun did not refer at all to the rice aid issue. They just told the Japanese politicians that North Korea's food, clothing, and housing problems were basically solved.

Meanwhile, a North Korean official dared to say, "We have weapons that are capable of hitting Japan," at a meeting between the Japanese delegation and the representatives of the WPK. This was confirmed by an attendant of the delegation with whom we had

personal contact. As politicians representing Japan's national interest, the delegation members ought to have retorted that Japan was protected by the Japan-U.S. Security Pact. However, the reality is that the Japanese politicians did not say anything to the North Koreans. Moreover, to our surprise, they tried to conceal the controversial comment made by the North Korean official by forbidding everyone who accompanied the delegation from mentioning it. We just wonder which country these politicians are representing.

Two months after the visit of the Japanese delegation to North Korea, Yi Song-nok, chairman of North Korea's International Trade Promotion Committee, suddenly made a formal request to Japan for the supply of rice, when he met Kato and other top politicians from the ruling coalition at a hotel in Tokyo. There had been no official reports from North Korea about a food shortage until the official request was made on May 26. Japan reportedly asked North Korea to present statistical data showing how much North Korean rice provisions were short, after it entered into official negotiations with North Korea about its offer of rice. However, the Japanese Government did not release any precise figures to the Japanese people, who, as taxpayers, will bear the cost of the rice aid.

When there is a contradiction between official comments made by the Prime Minister during a meeting with an official delegation from a foreign country and the remarks made by the chairman of an extra-governmental organization, we should rather trust what the Prime Minister said, from a commonsense perspective. If what the chairman of the International Trade Promotion Committee said were right, it would mean that the North Korean Prime Minister lied to the Japanese delegation. We just wonder why Japan did not demand of North Korea a clear explanation for this contradiction. The Japanese Government's attitude is really strange.

Background to the Japanese Government's "Offering of Rice" to North Korea

This is not the only odd thing about the Japanese Government. Let's look at the second point of Kim's remarks: that Japan offered to supply North Korea with rice in apology for its past conduct.

According to the MARU article, Kim explained Japan's decision to donate rice to North Korea as follows: "Japan has been telling us that it wanted to present rice in apology for its past conduct, and in an effort to establish diplomatic relations with our country." Kim said that Japan is eager to improve relations with North Korea, because Japan is powerless and unable to secure a decent position within the United Nations unless it establishes normal relations with North Korea. He also

said that many Japanese politicians, including former Deputy Prime Minister Shin Kanemaru, had already visited North Korea for the purpose of establishing better relations.

He also said, "Recently, Japan's three governing parties, including the Social Democratic Party of Japan [SDPJ], earnestly asked us to resume diplomatic-normalization talks. They expressed their intention to send rice to our country in connection with their request for resumption of normalization talks." What he said is essentially true.

We interviewed LDP Secretary General Koichi Kato before writing this article. His view may be summarized as follows: Japan has to spend a great deal of money for national defense because of the confrontation between North and South Korea. Although Japan had no direct negotiations with North Korea, it was compelled to provide 100 billion yen toward replacing North Korean nuclear reactors with South Korean-made light-water nuclear reactors. Although Japan had no say in the matter, it had to contribute. How can this be? It would be a great thing if Japan's rice aid helps improve bilateral relations with North Korea.

Although Kim and Kato do not use the same expressions, what they want to say is practically the same; that is, Japan decided to offer rice on its own initiative, in an effort to normalize relations with North Korea. There is no difference of view between the two men on that point. Now, what about Kim's comment that Japan presented rice in apology for its past conduct?

On August 15, Japanese Prime Minister Tomiichi Murayama made a statement in which he repeatedly expressed his feelings of deep remorse and heartfelt apology for Japan's colonial rule and aggression during World War II. Murayama's statement of apology was approved beforehand at a cabinet meeting. If we consider that the three parties in the ruling coalition admitted the need to make an official apology for Japan's past conduct, we may well think that there are some politicians in the ruling coalition who want to go further by presenting rice to high-ranking North Korean officials as a sign of apology.

In other words, what Kim said about Japan's rice aid is not wrong after all. We should say rather that the Japanese politicians who negotiated the rice deal are responsible for Kim's controversial remarks.

Kato played the leading role in the rice deal. Since the beginning of this year, Kato has been working actively to supply North Korea with rice. We found his attitude quite strange. In general, those who need help ought to work actively on those who are able to provide assistance. However, in the case of the Japanese rice

aid to North Korea, the recipient's position and the supplier's were totally reversed. Why did Kato devote himself to offering rice to North Korea?

A rice-aid agreement between Japan and North Korea was reached on June 30. Japan promised to supply 300,000 metric tons of surplus rice, half of which will be provided in the form of a humanitarian gift. North Korea will pay for the other half on the following terms: 2 percent interest for the first 10 years, during which time payment will be deferred, and payment by installments for the next 20 years at 3 percent interest. The 300,000 tons of rice is worth some 21.6 billion yen. Later, the Government decided to provide North Korea with an additional 200,000 tons. In total, Japan extended food assistance worth 36 billion yen to North Korea.

Exchange of Facsimile Letters Between Japan and North Korea

On August 2, Yi Chong-hyok, vice-chairman of North Korea's Asia-Pacific Peace Committee, who came to Japan at the end of June to discuss details of the rice deal, asked Japan to open negotiations concerning its additional supply of rice. He had the best of reasons for making such a request. In the June 30 rice-aid agreement, Japan promised to hold further discussions if North Korea needed more rice.

Kato, who was then chairman of the LDP Policy Research Council, immediately sent a facsimile letter to Yi Chong-hyok, asking him to clarify the following two points. First, Kato wanted it made clear that the rice aid issue was broached by North Korea on May 26 and that Japan decided to consider it from a humanitarian viewpoint. Second, Kato wanted to be sure that North Korea was grateful to Prime Minister Murayama and the Japanese people for the agreement concerning Japan's offer of 300,000 tons of rice, which was reached after many complications.

In his letter, Kato explained why he was asking such things: "The politicians from the ruling coalition who visited North Korea early this year are now in an awkward position, because when you were in Japan, you reiterated that the rice aid issue was broached by the Japanese side, on many occasions, such as press conferences and interviews with Japanese TV networks. Japanese media also reported that Ho Chong-man, vice chairman of the pro-Pyongyang General Association of Korean Residents in Japan, also made similar comments. Amid such retrogressive remarks and comments, Michio Watanabe, who led the mission to Pyongyang, said: I do not think it is possible to hold further discussions unless you write us a letter clarifying your country's position regarding the aforementioned two points." [quotation marks as published]

Since we, the Japanese people, were informed that the rice aid negotiations got started between Japan and North Korea because North Korea asked Japan for help, Yi Chong-hyok's remarks sounded unreasonable to us. However, Kato just found them "retrogressive." Which side is Kato on? What does he have in mind? We cannot help having strong misgivings about his attitude.

Yi sent a facsimile letter to Japan on August 10 to acknowledge the two points raised by Kato. As we mentioned earlier, Kim Yong-sun's controversial remarks were reported by the SANKEI SHIMBUN on August 2 and August 8. Thus, this problem was already a political issue in Japan when Kato received the reply from Yi.

On 24 August, the three ruling parties jointly sent a facsimile letter to Kim Yong-sun. In the letter, co-signed by Kato, Watanabe, SDPJ Secretary General Akira Kubo, and Sakigake's Secretary General Yukio Hatoyama [Kubo and Hatoyama also participated in the mission to Pyongyang], they pointed out that what Yi Chong-hyok said in his 10 August letter was not consistent with Kim Yong-sun's remarks as reported by MARU, summarized as follows: North Korea is not suffering a food shortage; the more rice North Korea has, the better, because rice can also be used for stock breeding and the processing industry; North Korea feels no reluctance in accepting Japan's offer of rice, because Japan said it wanted to send rice in apology for its past conduct. The three ruling parties also wrote that if what Kim said was true, they would not be in a position to call on the Japanese Government to consider extending additional rice aid to North Korea. They stressed that supplying rice to North Korea has nothing to do with making an apology for past conduct and that Japan wants the rice to be eaten as food and not be used as stock feed or raw material. As for North Korea's request for another round of negotiations for additional rice, they said that they would think about it only after receiving a firm reply from Kim Yong-sam.

The content of this letter is just amazing. The four politicians simply expressed their regret that it was not possible to reopen negotiations with North Korea under the existing conditions. They should have taken a firm attitude against Kim, who dared to say that the Japanese rice would be used as stock feed. They should have said that Japan would stop further delivery of rice and would ask North Korea to return the rice it already received from Japan unless Kim formally retracted what he said and apologized to Japan. However, the four politicians, who were anxious to provide North Korea with additional rice, just said it was really regrettable that their plan was frustrated by Kim's remarks.

On 1 September, Kim sent the following reply to the Japanese politicians: "I was really surprised to learn that you made various conjectures about a mere article in a certain publication and that you felt alarmed about it. I think this was a hasty judgment on your part. If we were to also form judgments based on certain articles in certain publications, we would also have many things to say to you. Those who do not appreciate the improvement of relations between Japan and North Korea are trying to impede our discussions by intentionally making a great fuss about this article. It is simply deplorable that you followed South Korean officials' critical remarks about this article." In other words, Kim reproved the Japanese politicians for their thoughtlessness and at the same time tried to put pressure on them by indicating that he also had many things to say to Japan.

Patient though the four politicians were with North Korea, they could not be satisfied with Kim's reply. Before they decided to write one more letter to Kim, Watanabe received a separate reply from him on 12 September. In his letter to Watanabe, Kim said: "I am pleased to know that you exerted all possible efforts to bring about a successful conclusion of the food aid agreement. I am also pleased that Japan decided to supply food assistance to North Korea in good faith and from a humanitarian viewpoint, in spite of the tactics used by those who are against improving Japan-North Korea relations, as well as the absurd conjectures and unscrupulous, obstructive reports made by certain dishonest publications."

Far from retracting his controversial remarks, Kim severely criticized the publication, namely the SANKEI SHIMBUN, that had published his remarks, using such strong words as "absurd" and "unscrupulous."

The Japanese politicians came to think that Kim's controversial remarks might have been fabricated by MARU. Although they could not get any confirmation, they eventually decided to trust the contents of the official letters sent to Japan under the name of Kim Yong-sun (unfortunately, none of the letters had been signed personally by Kim). On September 14, the Government decided to open negotiations with North Korea about additional rice. On October 3, Japan agreed to provide North Korea with 200,000 tons of additional rice, without considering the collapse of inter-Korean talks on further rice deliveries that occurred on September 30.

The North Korean official media made a scurrilous attack on the SANKEI SHIMBUN, saying that the Japanese newspaper had traded away the noble mission of the press and sold its own conscience for a trifle. On

September 13, the Korean Central News Agency labeled the SANKEI SHIMBUN a cabal of wordmongers. We think it is not too much to say that Kato and the other politicians in the ruling coalition, as well as the Japanese Government, are indirectly responsible for North Korea's unreasonable attack on the SANKEI SHIMBUN. When Watanabe and the other politicians from the ruling coalition visited Pyongyang in March, SANKEI SHIMBUN reporters were not allowed to accompany the delegation because North Korea did not want the visit covered by SANKEI and because the ruling coalition eventually accepted North Korea's decision to eliminate the paper from the press corps.

In his letter to Watanabe, Kim said that he was pleased with Watanabe's work. The expression "I am pleased..." [ellipses as published] is a relic of feudal days. In Japan, as well as in North Korea, this expression connotes the relation of master to servant. It is no longer used by Japanese people.

We do not understand why the ruling coalition still wants to extend additional rice aid despite Kim's haughty attitude. According to SANKEI SHIMBUN's 15 September report, Foreign Ministry officials now suspect that the ruling coalition may have a special reason for calling for additional rice aid.

What could be the special reason? To begin with, how did the rice aid negotiations between North Korea and Japan get started? Who in North Korea made the initial request to whom in Japan? Or who in Japan made the initial proposal to whom in North Korea?

As we mentioned above, North Korea's formal request for help was made only in May. There is no doubt the rice aid issue had been simmering for many months among a very limited number of persons in North Korea and Japan. When we interviewed Kato, he said that the first contact was made by the North Korean side right after North Korean and U.S. negotiators reached an agreement concerning North Korea's nuclear development program in Geneva, on 21 October 1994. The person who made the first approach to Japan concerning the rice aid issue was Pak Kyong-yun, a South Korean-born businessperson known as Madame Pak. She holds the management rights of the nine-story Potonggang Hotel, located on the bank of the Potonggang River in North Korea. She is also famous for having chartered a direct flight between Nagoya and Pyongyang in 1991. She has connections with high-ranking North Korean officials close to Kim Chong-il. She also has close relations with the Unification Church.

A Certain Mr. Takeshi Yoshida

Right after the agreement between the United States and North Korea was reached in Geneva, some politicians in the ruling coalition began to call for resuming diplomatic normalization talks between Japan and North Korea. "I would like Prime Minister Murayama to execute the task of establishing formal diplomatic relations with North Korea," Kato said at a meeting held by the leaders of the three governing parties on 24 October 1994.

During our interview, Kato described in detail why he came to say such a thing. "There was a general consensus among the three ruling parties that everything related to North Korea would be handled under the leadership of the SDPJ. I also have been saying that if the ruling coalition wants to send a delegation to North Korea, it should organize a mission with the members of the SDPJ as the central figures. But one day we were suddenly told that the North Korean side wanted to invite the head of the ruling coalition's Political Research Council. Then, something went wrong with the communication channel between North Korea and the SDPJ around the end of November or the beginning of December, and this shelved the coalition's plan to send a mission to Pyongyang. North Korea contacted me personally through various channels after that. In fact, North Korea has been trying to contact me since September."

In other words, North Korea suddenly decided to cut the channel to the SDPJ, to focus on Kato. "I tried various channels to find out why the SDPJ's channel was cut off. While trying different channels, I gradually discovered which channel was most effective; what the current relation between the General Association of Korean Residents in Japan and Pyongyang was; and which politician in Japan had the most connections with North Korea," Kato told us.

According to Kato, Madame Pak's channel to Pyongyang was also cut off, for unknown reasons, right after she broached the rice aid issue to Japan. Kato said this was why he decided to count on Mr. Takeshi Yoshida, who had a firm channel to North Korea.

Yoshida's presence was already reported by different Japanese media. His past career can be summarized as follows.

Yoshida's father was a North Korean named Kim Pong-yong. He married a Japanese woman before World War II, was naturalized as a Japanese citizen, and adopted the Japanese name of Tatsuo Yoshida. After World War II, he founded a company called "Shin Nippon Industry" to engage in trade with North Korea. While

doing business with North Korea, he has also been working under special instructions from Pyongyang, as Akira Kuni explained in detail in his article "The North Korean Spy I Loved," published in the current issue of BUNGEI SHUNJU.

Yoshida also joined his father's company and became president after his father died in 1986. In 1989, he helped Chung Ju-Young, honorary chairman of South Korea's Hyundai Group, to visit North Korea secretly in cooperation with Hisayoshi Yamaguchi (whose North Korean name is Son Tal-won), who also runs a company in Japan, called "Daiwa Can Manufacturing." According to Kato, he saw Yoshida making a direct phone call to WPK secretary Kim Yong-sun during their meeting over the rice deal issue. Yoshida is one of the few persons able to get in touch with Kim directly. He is said to be closely watched by South Korea's National Security Planning Department (former KCIA), as well as by Japanese public safety authorities, as a North Korean agent.

Yoshida took the place of Madame Pak as go-between for Kato and Kim. In February, LDP senior lawmaker Kosuke Hori was asked by Kato to meet secretly with Kim's subordinate Yi Chong-hyok in Singapore. In an interview with BUNGEI SHUNJU, Yoshida admitted that he set up the secret meeting. South Korean authorities explicitly showed displeasure when they heard later that Japan had held a secret meeting with North Korea.

Moreover, when Yoshida accompanied the ruling coalition's mission to Pyongyang in late March, he brought with him business cards that read, "Takeshi Yoshida, of the Office of Koichi Kato."

Yoshida explained his role as follows: "As a trader, I favor the improvement of relations between Japan and the DPRK because this will facilitate my business with the DPRK. Thus, I just did what I could to help revive the diplomatic normalization talks. I am not involved directly in the rice aid issue. I made arrangements to secure a place for the secret meeting in Singapore; I also got in touch with Pyongyang on behalf of Mr. Kato when his office was unable to get a reply from the DPRK, but what I did was mere liaison business."

Meanwhile, Kato explained his relation with Yoshida as follows: "Yoshida was introduced to me by a certain dietman, Kawashima (the then-director of the Foreign Ministry's Asian Affairs Bureau) was also there when I met Yoshida for the first time. I was fully aware that Yoshida had close relations with Kim Yong-sun. I decided to use his connection with the DPRK because Madame Pak's channel no longer worked at that time. It was careless of me to have Yoshida accompany the

mission to Pyongyang and let him use business cards bearing the name of my office."

Kato allowed participation of a person who is closely watched by ROK and Japanese security authorities as a DPRK agent, in the ruling coalition's mission to Pyongyang. Can such an act be simply described as careless? We cannot help but say that, despite being an influential Japanese politician, he committed an act that was considerably prejudicial to Japan's national interests.

Kim Yong-sun's Duty

Yoshida works under the direction of Kim Yong-sun. Does Kato precisely know what kind of position Kim Yong-sun holds in the WPK, and in what types of activities he is engaged? Kim stands 25th or 26th in the party's ranking. His official title is secretary of the WPK's central committee. His actual duty is to bring about a communist revolution in the ROK.

In his article, published in the August/September issue of MODERN KOREA, former DPRK diplomat Ko Yong-hwan said that the WPK has four departments in charge of triggering a communist revolution in the ROK: the United Front Operations Department, Foreign Information Research Department, Sociocultural Department, and Operations Department. These four departments are located in the same building, called the "No. 3 Government Building." In Pyongyang, people working there are called "No. 3 Government Building activists."

The secretary of the WPK's Central Committee, who is in charge of the above-mentioned four departments, is called the "secretary in charge of ROK affairs" or the "secretary in charge of No. 3 Government Building." In the eyes of the DPRK public, the No. 3 Government Building activists look like revolutionists who are ready to entirely sacrifice themselves for the revolution in the ROK.

The post of secretary in charge of the No. 3 Government building was successively held by Yi Hyo-sun, Ho Pong-hak, Yu Chang-sik, Kim Chung-nin, Yun Ki-pok, and Kim Yong-sun. Kim Yong-sun reportedly enjoys the fullest confidence of Kim Chong-il. He is also said to be the true younger brother of Kim Chong-il's mother (Kim Il-song's first wife). On many occasions, he has told Japanese newspaper reporters that he is No. 1 among Kim Chong-il's close associates.

Yi Chong-hyok, who came to Japan at the end of June to discuss the details of the rice deal, is the United Front Operations Department deputy chief, which is the most important section in charge of bringing about a communist revolution in the ROK. If we compare Kim

Yong-sun's position to the position held by the president of a Japanese company, Yi Chong-hyok's position can be likened to the position of a deputy manager, or even to a more inferior position. Meanwhile, it may safely be said that Yoshida holds quite an important position within the same department, because it seems that he is allowed to meet with Kim Yong-sun personally.

In other words, Kato has pull with the WPK's principal department in charge of bringing about a communist revolution in the ROK. The General Association of Korean Residents in Japan is placed under the direction of the United Front Operations Department. Kang Chu-il, who is now chief of the said department, served as deputy chief in charge of supervising the General Association of Korean Residents in Japan for about 20 years.

Bringing about a communist revolution in the ROK means driving the U.S. Forces out and overthrowing the ROK Government by any means, legal or illegal, nonviolent or violent, to annex the ROK and bring it under the control of the WPK. Kim Yong-sun is the very person in charge of this operation. Pyongyang is regarding the rice aid issue from the viewpoints of maintaining the current regime and bringing about a communist revolution in the ROK. For instance, Pyongyang tried to exclude the ROK from the deal concerning the supply of light-water nuclear reactors to the DPRK. It also tried to negotiate directly with Japan about the rice aid issue, by shunning the ROK. These tactics are part of the strategy to annex and communize the ROK.

If Pyongyang had regarded the rice aid issue from a different angle, this issue would have been handled by the WPK's International Department. Neither the WPK's International Department nor the Foreign Ministry was involved in the rice aid negotiations. This clearly proves that the rice aid issue is linked with the DPRK's strategy to bring about a communist revolution in the ROK. During our interview, Kato also said that there was an internal conflict between the WPK's International Department, Foreign Ministry, and the DPRK's Asia Pacific Peace Committee, which became in charge of conducting rice aid negotiations.

The Asia Pacific Peace Committee was suddenly established by Kim Young-sun around May 1994. He became chairman of the new committee and appointed Yi Chong-hyok and Chon Kum-chol as vice chairmen. Yi was put in charge of the rice aid negotiations with Japan, while Chon was assigned to take care of the rice aid negotiations with the ROK. Recently, Yi made a random remark to a certain Japanese person. He said: "The Asia Pacific Peace Committee was established recently for

the purpose of conducting negotiations with countries with which the DPRK has no diplomatic relations, such as Japan, the United States, and Canada. The Committee is a kind of non-governmental organization."

If what Yi said is true, this would mean that the Japanese Government had no scruples against assigning high-ranking officials of the Foreign Ministry, as well as the Food Agency, to discuss the rice aid issue with the representatives of a doubtful organization. In other words, the DPRK has been regarding Japan as a very easy customer to deal with from the very beginning. Why does Kim Yong-sun take a haughty attitude toward Japan? It may be considered simply part of his character. But, Japanese politicians' ignorance about the DPRK, their lack of security-consciousness, and their inability to assume a dauntless attitude toward the DPRK are also bolstering Kim's arrogance. Now that Watanabe, who led the ruling coalition's mission to Pyongyang, is dead and gone, Kato is most responsible for the rice deal with the DPRK.

As we mentioned above, Kato was aiming at improving bilateral relations. Rice aid was nothing but a means to revive the normalization talks with DPRK. Kato decided to buy rice worth some 36 billion yen with Japanese taxpayers' money and give it to the DPRK as a gift. Did this act lead to the resumption of normalization talks? The reality is that the prospect of the normalization talks is still far from certain. It was as if Kim Yong-sun had cajoled some 650,000 tons of rice out of Japan and the ROK, by saying that the DPRK was ready to improve relations with Japan and the ROK.

Kato Has a Wrong Understanding of the Situation

As for the resumption of normalization talks, Kato said: "Everything depends on what move Japan makes. I think we just have to push the right button to restart the negotiations with the DPRK." Although he looked very sure of himself when he said this, he declined to explain what exactly the "right button" was. Since the Japanese Government has been saying that it never attached any condition to its proposals to get the normalization talks back on track, we cannot but think that the DPRK agreed to resume normalization talks only on certain conditions. We infer from the DPRK's past diplomatic tactics that Pyongyang asked for further rice aid or money in exchange for the reopening of normalization talks.

It is only natural for Pyongyang to make such requests. As long as Japan continues saying that it wants to improve relations with the DPRK, Pyongyang will not hesitate to impose new conditions for resuming normalization talks. If we were in the DPRK's place, we would do the same thing. Kato said that Japan's rice aid

will accelerate the improvement of bilateral relations. However, that view is totally wrong.

Kato is taking such a view, simply because he is cherishing the illusion that the DPRK will change its policy and proceed to reform and liberalization once it receives food aid or financial assistance from Japan and the ROK. Kato also told us that he wanted to bring the DPRK into the international community by helping the country rebuild its national economy, which is now on the brink of bankruptcy, and by putting the DPRK under Japan's economic control. We were exasperated at his remark.

When DPRK held a joint meeting of representatives from the Government, WPK, and other organizations in Pyongyang on July 3, 1990, it released a joint communique in which it strongly condemned liberalization. This was the first time that Pyongyang had ever commented on reform and liberalization. It said: "ROK people are particularly saying that they will resort to imperialistic and anti-socialistic strategies to make us open the door to them, but this is nothing but a foolish hallucination." The NODONG SINMUN, the WPK's party organ, has repeatedly published similar remarks since that time.

For instance, on February 15, a spokesman of the DPRK Foreign Ministry criticized the ROK, saying it was trying to force its light-water nuclear reactors on the DPRK because of an ulterior political motive of ruining the DPRK regime, by pointing out that the ROK-made reactors will play the role of a Trojan horse. In other words, the DPRK feared that its people would get a real picture of the ROK and become aware that what they have been taught was untrue, once ROK engineers arrived in the DPRK to construct the reactors in cooperation with DPRK workers.

North Koreans, pro-Pyongyang groups in the ROK, as well as the General Association of Korean Residents in Japan, became very anxious when they heard the news about Pyongyang's decision to accept rice aid from Japan and the ROK. Thus, Kim Yong-sun had to do something to ease the people's anxiety. His remarks, which were published in MARU, were aimed at driving away the general feeling of unrest. The General Association of Korean Residents in Japan immediately reprinted Kim's entire remarks in its internal study materials to relieve its members' anxiety.

The mere supply of foreign rice is enough to make the DPRK people anxious. As Kato said, once goods, funds, and technology begin to flow from Japan and the ROK into the DPRK, the DPRK people will probably become aware that they have been cheated by their leaders for about 50 years. If so, no matter how autocratic the

DPRK regime may be, it will no longer be able to control its populace. The DPRK leaders are fully aware of this. But in any case, the DPRK regime is destined to crumble sooner or later.

At the moment, what Kato is saying is nothing but a "foolish hallucination" in the eyes of the DPRK leaders.

We should not think of the DPRK as an easy customer to deal with. Even if the normalization talks are resumed, the DPRK will maneuver Japan into extending material and financial support. Goods and money supplied to the DPRK will be used by the DPRK leaders as they like. Any aid sent to the DPRK will be used as a tool to prolong the life of the autocratic regime. Kato is painting too rosy a picture of the DPRK. But, this is not entirely his fault. The fault also lies with Japanese Government agencies in charge of analyzing matters related to the DPRK.

Until now, all these agencies, including the Public Security Investigation Agency, have been saying that the political situation was stabilizing in the DPRK as the transfer of power was well underway. Japanese specialists on DPRK issues have been making similar remarks through various media, such as the ASAHI SHIMBUN and NHK. For instance, they had been saying that Kim Jong-il's formal accession to power would take place on August 15 (DPRK Liberation Day). After they saw that the formal transfer of power did not take place on August 15, they started saying that Kim Chong-il would take the top position on September 9 (DPRK Foundation Day). When they learned that nothing happened on September 9, they said the DPRK would promote Kim to the top position on October 10, on the occasion of the 50th anniversary of the WPK. Again, the formal transfer of power did not take place on that day, as everyone knows. After the death of Kim Il-sung in July 1994, they made various predictions concerning Kim Chong-il's formal accession to power. Unfortunately, none of them came true.

Japanese specialists on DPRK issues have also been saying that the situation in the DPRK was stable. However, such is not the case. It is said that the DPRK is now suffering a serious food shortage. However, food shortages there are not a recent occurrence. We have been receiving information about the DPRK's food problems since 1985. The food situation became very acute after 1990. In 1993, the DPRK suffered considerable cold-weather damage. This year, it was hit by the most disastrous floods in 100 years.

The DPRK's food crisis was also caused by a decline in the production of agricultural chemicals, fertilizers, and farm appliances, following the aggravation of the economic situation. Moreover, the DPRK became

subject to frequent floods after 1985, as a result of the agricultural policy to develop terraced fields, which led to the accumulation of mud and sand in riverbeds. This year's great flood disaster was not a natural calamity, but a man-made one. It was caused by Kim Chong-il's failed agricultural policy.

Meanwhile, the DPRK's major plants were mostly imported from the Soviet Union. After the Soviet Union's collapse in 1991, it became impossible for the DPRK to carry on barter trade with Russia because Russia decided to settle trade accounts in convertible currencies. This means the DPRK is unable to import the necessary spare parts and raw materials from Russia unless it does not have enough foreign currency reserve in dollars or yen. It also became difficult for the DPRK to continue importing heavy oil from Russia, for the same reason. In 1991, the DPRK's import volume of Russian heavy oil declined to one-tenth of the previous year's volume. The Soviet Union's collapse caused tremendous damage to the DPRK.

The bursting of the so-called Japanese bubble economy has also had a serious impact on the DPRK. North Koreans living in Japan, particularly those North Koreans doing business in Japan, have been sustaining the DPRK's national economy by sending huge amounts of money home. They became unable to make large remittances following the end of the bubble economy.

The DPRK can no longer rely on the PRC either because the PRC itself became an importing country of cereals and oil in 1993. Certain people in the DPRK are even unable to eat two meals a day because of the inability of the central government to supply enough food. Now, the four provinces near the Chinese border have to procure food by themselves, because they have been cut off from the central government's supply of food and clothing since last year.

Kim Chong-il Has No Official Title

We do not understand why Japanese specialists on the DPRK issues dare to say that the situation in the DPRK is stable despite the above-mentioned circumstances. We cannot help but say that their analyses are totally absurd. They have also been saying that the transfer of power was well underway. If so, why is the top post still left vacant? According to Japanese Government officials involved in information gathering, the transfer of power is well in progress because senior WPK officials, as well as the NODONG SINMUM, are calling Kim Chong-il the "Supreme Leader." When we think they are only making analyses of this level, and that the Japanese Government is formulating its policy toward the DPRK and the Korean peninsula based on the results of these analyses, we cannot help but feel anxiety.

On July 9, 1994, one day Kim Il-sung's death, the DPRK released the list of funeral committee members. Kim Song-ae, Kim Il-sung's wife, was ranked 104th on the list. However, she had the official title of "Kim Il-sung's widow," and she was raised at once to the 14th place in the ranking, when the ceremony of bidding farewell to the deceased leader was held on July 19. This was quite unbelievable to those who were well informed about the past struggle between Kim Chong-il and Kim Song-ae for supremacy.

If Kim Chong-il had the right to decide the ranking, he may have purged Kim Song-ae, but he never would have promoted her from 104th place to 14th place at once. In other words, he does not hold all the levers of power.

At first, it was not very clear why Kim Chong-il was unable to assume absolute power. Even if he was not in good shape, he could give orders even from a bed if he had full power. We have carefully read the past issues of the NODONG SINMUN to probe the cause of the delay in Kim's accession to power, and found the following fact. When the Supreme People's Assembly was convened in April 1993, Kim had two official titles: "Politburo Standing Committee Member of the WPK" and "Secretary of the Party's Central Committee." But since then, Kim has never carried these two titles on state occasions.

Although the NODONG SINMUN is currently using the expression "Comrade Kim Chong-il," the Tokyo-based Korean News Agency, which is run by the General Association of Korean Residents in Japan, and which supplies Japanese media with news reports received from the Korean Central News Agency, is still calling him "Secretary." We think the Tokyo-based Korean News Agency is intentionally translating the expression "Comrade Kim Chong-il" into "Secretary Kim Chong-il" in Japanese.

Why did Kim Chong-il lose his official titles? On March 12, 1993, the DPRK announced its intention to withdraw from the nuclear Nonproliferation Treaty. Kim Chong-il reportedly made the decision at his own discretion without consulting his father, and this produced a fatal rift between them. After its withdrawal from the nuclear Nonproliferation Treaty, the DPRK was considered by other countries to be an embarrassment to the international community, along with Saddam Husayn's Iraq, and it became completely isolated from the international community.

Kim Chong-il also lost the confidence of his father when the third Seven-Year Plan (1987-1993), whose execution was entrusted to him, proved totally abortive. Right after the Supreme People's Assembly was held

in April 1993, Kim Il-sung, who had been living in "retirement," came to the forefront again.

Moreover, Kim Yong-chu, Kim Il-sung's true younger brother, who lost his position in 1975 following a quarrel with Kim Chong-il, appeared before the public in July 1993, after an 18-year absence. In December 1993, Kim Yong-chu was elected as a member of the Party's Central Committee and inaugurated as a Politburo member at the general meeting of the Party's Central Committee. Meanwhile, two close associates of Kim Chong-il, who were also eligible for Politburo membership, were demoted. They were Kim Yong-sum and Kim Tal-hyon. Only Kim Yong-sum could barely stay within the Party's Central Committee, as he was appointed secretary in charge of ROK and Japanese affairs.

A DPRK resident in Japan, who was well versed in what was going on within the top echelons of the WPK, told us the following story in midyear 1993. According to him, Kim Il-sung told Kim Chong-il that he decided to reinstate Kim Yong-chu, because the DPRK was confronted with the most difficult situation it had had since the Korean war, and because he wanted all family members to unite their efforts to overcome the crisis. Moreover, we recently learned that, on the same occasion, Kim Il-sung blamed Kim Chong-il for maladministration and forbade his son from using the two official titles he was given from the party, until further notice. It seems that Kim Chong-il destroyed his health after that. In midyear 1993, reports attributed to Chinese sources incessantly said that Kim Chong-il was in bad shape.

Why is Kim Chong-il unable to take the office of general secretary of the WPK? The answer is very clear. It is not possible to inaugurate a person, who is forbidden to use the official titles he was given from the party, as general secretary of the party. Moreover, since the person who issued such an order is dead and gone, the ban will never be lifted. Meanwhile, 23 years ago, the same person nominated Kim Chong-il as his successor. Kim Il-sung, who held all the levers of power, died leaving two contradictory commands behind him. This has put the DPRK in a straitjacket. It is able to hold neither a general meeting of the party's central committee nor the Supreme People's Assembly. Moreover, the DPRK is now in a state of misery, with the national economy on the brink of bankruptcy.

The DPRK continues to send armed underground activists into the South. A DPRK activist, who tried to enter the South, was shot dead by ROK soldiers some days ago. This year, we went to the ROK in March and October. When we visited the country in October,

we realized that it had considerably increased its guard against the DPRK since our first visit. The tension between North and South Korea is mounting, slowly but surely.

Despite such circumstances, the Japanese Government wants to supply the DPRK with rice. When we asked Kato about the possibility of the DPRK storing the supply of rice for its Armed Forces, he could not completely deny the possibility. He even said, "We do not exactly know how our rice will be used in the DPRK." If the DPRK were to begin hostilities, though such a thing should never happen, how would Kato justify his conduct?

Murayama Promises To Help Hungary on Environment

OW1112123295 Tokyo KYODO in English
1016 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — Prime Minister Tomiichi Murayama expressed Japan's readiness Monday [11 December] to cooperate in preserving the environment in Hungary, a Foreign Ministry official said.

In compliance with visiting Hungarian Prime Minister Gyula Horn's call for help in protecting the environment at Lake Balaton, western Hungary, Murayama said Japan will study the Hungarian lake preservation project, the official told reporters.

Horn, who is on a four-day trip to Japan from Sunday, also sought an active Japanese role in making Hungary a financial center in Europe on the strength of its geographical position.

Murayama responded that Japan hopes to send a team of financial experts to Hungary but did not elaborate, according to the official.

Horn, the second Hungarian prime minister to visit Japan, following Jozsef Antall in 1991, went on to call for Japanese support for Hungary's entry into the Organization for Economic Cooperation and Development (OECD) at an early point in 1996.

But Murayama said only that Tokyo understands Budapest's hope of joining the Oecd and will consider the matter further, the official said.

Foreign Ministry Announces Aid Package for Kenya

OW1112090795 Tokyo KYODO in English
0740 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — Japan will extend grant aid of up to 76.53 million yen

to Kenya, the Foreign Ministry announced Monday [11 December].

Notes on the assistance were exchanged between Kenyan Finance Minister Wycliff Mudavadi and Japanese Ambassador to Kenya Shinsuke Horiuchi in Nairobi earlier in the day, the ministry said.

Of the sum, 14.53 million yen will be used to help relieve some of the East African country's foreign debts, and up to 62 million yen will finance a project to improve facilities of medical training schools in the nation, it said.

Weld 'Highly Possible' Site of Reactor Leak

OW1112152195 Tokyo KYODO in English
1510 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — It is "highly possible" the leak of sodium that caused the shutdown of Japan's first prototype fast-breeder nuclear reactor last week was in a weld in piping in a room that houses the secondary cooling system, the science and technology agency said Monday [11 December].

But officials of the governmental Power Reactor and Nuclear Fuel Development Corp. responsible for the running of the reactor said it will be some time before the actual cause can be determined.

About 190 of 200 tons of radioactive liquid sodium in the primary cooling system, which goes through the core of the 280,000-kilowatt reactor known as "Monju," had been removed by 6 p.m., but the removal of the remainder will take some time.

It will also take time for the 140 tons in the secondary cooling system to be removed, they said.

The agency sent a 10-member group to investigate the cause of the leak at the reactor which is in Tsuruga, Fukui prefecture, on the sea of Japan coast.

A video released by the corporation showed sodium compound sprayed around the room housing the piping, testifying to the ferocity of the accident.

The Fukui prefectural government said in a statement that sodium compound had accreted near a gauge measuring the temperature of the pipes carrying the sodium.

The corporation said corrosion in that region was severe but no definitive decision on the cause of the leak can be made until thick insulation around the pipes can be removed.

The prefectural government said a 90-minute gap between the detection of the emergency and the shutdown

of the reactor breached a rule that the reactor be immediately shut down manually in the event of an accident involving sodium. The prefecture said this could have resulted in an even more serious accident.

But the corporation said equipment used to monitor the amount of sodium did not indicate a change in the level of the sodium, leading it to assume it was not a large leak.

They said the sequence of events leading to the shut-down had no major impact on the reactor.

Meanwhile, Science and Technology Agency Director General Yasuoki Urano returned to Tokyo on Saturday to report on the accident to Prime Minister Tomiichi Murayama, government officials said.

The officials said Murayama told Urano that the plant should not resume operation until safety can be guaranteed.

Urano told a news conference that his agency will thoroughly determine the cause of the accident but it will not consider shutting down the project, saying sodium is the best coolant at the present time.

Fukui Gov. Yukio Kurita told Urano during a joint inspection of the plant that the accident caused a loss of confidence in the prefecture at a time when people already have misgivings about nuclear reactors.

Chief Cabinet Secretary Koken Nosaka told a press conference that the appropriateness of the procedure followed to shut down the reactor will be determined along with the cause of the leak.

A group of 10 representatives of opponents of nuclear power visited the corporation's office in Tsuruga to deliver a document demanding an explanation on the time lag between the outbreak of the accident and the reactor's shutdown, and a complete halt to the Monju project.

Monju began producing electricity in August and was scheduled to start full-capacity operation in June next year. It was operating at 40 percent of capacity at the time of the accident Friday night.

Ministries Arrange Bailout of Housing Firms

OW1112092695 Tokyo KYODO in English
0828 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — The finance and farm ministers have agreed that creditor financial institutions for ailing housing loan companies should shoulder 6.27 trillion yen in losses stemming from their dissolution, the Finance Ministry said Monday [11 December].

The agreement was struck during last Friday's meeting by Finance Minister Masayoshi Takamura and Agriculture, Forestry and Fisheries Minister Hosei Norota as part of efforts to break the impasse in lengthy feuding between two creditor groups over how to liquidate the housing lenders, the ministry said.

The 6.27 trillion yen is part of 7.51 trillion yen in losses expected to emerge when assets at seven of Japan's eight mortgage companies are shifted to a loan-buying vehicle to be created shortly in the wake of the seven firms' liquidation, the ministry said.

Takamura and Norota met in an attempt to wrap up the feuding, mainly between banks that founded the housing lenders and the biggest creditor group of farm financial institutions, by the end of last weekend, a deadline set by the ruling coalition.

The two ministers fell short of reaching a general consensus, however, over the key issue of how to share the financial burden between the two groups.

Other accords between the two ministers are creation of a loan-buying entity for a single-stroke dissolution of the seven lenders and the use of general-account public funds, the Finance Ministry said.

Earlier in the month, a policy coordination council of the three-party ruling coalition proposed a set of guidelines for an early solution to the issue of the housing lenders, which are on the brink of going bust due to heavy problem loans.

Takamura and Norota agreed that the two ministries will look for a solution in line with the guidelines, the Finance Ministry said.

The ministers agreed on the need for the proposed vehicle to mount efforts to recover loans it will inherit from the seven lenders, utilizing legal steps, the ministry said.

The agreements have been presented to the ruling coalition as an interim report, it said.

Founding banks, mainly major commercial banks, say losses from the liquidation of the seven housing loan companies should be assumed by all lenders equally or in proportion with the amount of loans furnished.

Farm financial institutions reject the idea, though, saying the founders should take full financial responsibility.

The farm ministry is representing the interests of farm bodies while the Finance Ministry is tilting toward the founding banks.

Murayama Eyes 20 Dec Target

OW1112040795 Tokyo KYODO in English
0328 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — Prime Minister Tomiichi Murayama said Monday [11 December] he would like to decide by Dec. 20 on how to liquidate the massive bad loans held by seven housing loan companies known as "jusen."

"If the ruling parties, the Finance Ministry and the Ministry of Agriculture, Forestry and Fisheries fail to iron out gaps (on the liquidation issue) despite their ongoing efforts to do so, I will have to make a decision on my own," government officials quoted Murayama as saying in a meeting with a group of business leaders, including Ajinomoto Co. adviser Katsuhiro Utada.

"I would like to set the direction (of the liquidation policy) by Dec. 20, when the Finance Ministry plans to unveil its budget proposals for the next fiscal year," he was quoted as saying.

Financial institutions and the government are trying to reconcile differences over how to share the cost of disposing of huge bad loan-related losses gripping the junsens. They are locked in discussions over what role public funds should play in liquidating part of the expected losses.

Murayama also said, "the jusen issue is crucial for Japan's international relations."

He said the government would like to solve the issue within three years.

Defense Agency Submits Proposals to Coalition

OW1112123195 Tokyo KYODO in English
1142 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — The Defense Agency presented to the ruling coalition a scheme Monday [11 December] to cut 3,000 Ground Self-Defense Force troops in exchange for 5,000 reserves under a new five-year defense program that starts next fiscal year, agency officials said.

The agency also submitted to the coalition a list of front-line equipment it plans to purchase under the new defense program, including 50 FSX next-generation support fighters, five F-15 interceptors and an unspecified number of refueling planes, they said.

The list also includes 100 tanks, 175 armed vehicles, 45 multiple-rocket launching vehicles, at least 10 large transport helicopters and 35 Maritime Self-Defense Force vessels, including five submarines.

Defense Agency chief Seishiro Eto and Finance Minister Masayoshi Takemura are scheduled to meet Tuesday to discuss details of the list before the cabinet decides on the new five-year defense program Thursday.

Ozawa Discusses Economic, Security Policies

OW1112113195

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2259 GMT on 9 December, during its "News 2001" program, carries a live, 42-minute studio interview with Ichiro Ozawa, secretary general of the main opposition New Frontier Party (NFP), by announcers Yuji Kuroiwa and Junko Hamada. Regular panelist Kenichi Takemura and Hokkaido University Professor Jiro Yamaguchi also participate in the interview.

Kuroiwa first asks Ozawa why he decided to run in the party's presidential election. Ozawa notes a strong call from his fellow Diet members and supporters for him to seek the presidential post made him decide to run in the race. He says: "I was told that a person like me is needed because I can launch clear policies to solve current critical economic problems and other issues in Japan." Takemura says that unlike other politicians Ozawa comes up with concrete policies. Meanwhile, Professor Yamaguchi gives low marks to Ozawa's proposal to raise the consumption tax rate from the current three percent to 10 percent in 10 years, saying people in lower income brackets will suffer from the tax hike. Refuting Yamaguchi, Ozawa claims the tax hike would not be unfair to low-income people, explaining that his proposal includes income and residential tax cuts.

Asked to comment on the Murayama administration's economic policy, Ozawa criticizes the pump-priming measures taken so far by the government as purely makeshift, saying: "The government has failed to work out comprehensive economy-boosting measures."

They next discuss Japan's security. Ozawa stresses the importance of the Japan-U.S. Security Treaty. He says: "The bilateral security system is conducive to not only military cooperation but also economic cooperation between the two countries. The main purpose of the security arrangements is to achieve economic prosperity in both countries. The absence of the security pact will endanger the existence of this nation." He then notes the need for Japan to strengthen security ties with the United States. Professor Yamaguchi points out the possibility that the United States may try to extend the scope of the Japan-U.S. security pact to cover such regions as East Asia and Africa for its world security strategy. After hearing Yamaguchi's views, Ozawa says: "The U.S. political and military presence is necessary not

only for Asia but also for other parts of the world. Without it, the world will face the rise of various kinds of power and ambition." He adds: "Japan will not be asked to dispatch its troops to the Indian Ocean [even if the scope of the security pact is expanded]. So, Japan has only to fulfill its duties under the Constitution." When asked whether the DPRK is a constant threat to Japan, Ozawa says: "The DPRK Government has been completely controlled by an individual. This makes the foundation of the government unstable and the situation in that country critical." He notes that besides DPRK-related issues, Japan should worry about Asian neighbors' distrust of Japan. To emphasize how bad Japan's reputation is, Ozawa cites recent remarks by Chinese and South Korean leaders that Japan will become a military superpower again and invade their countries. He notes that the Japanese people should take these remarks seriously.

Asked when he thinks the next general election will be held, Ozawa says: "It depends on Prime Minister Murayama because he has the right to dissolve the House of Representatives for a general election. However, he appears to have no intention of dissolving the house to seek the people's mandate in a snap general election. He seems to want to remain in power as long as possible. Therefore, the general election will not be held in the near future." Ozawa, however, urges the government to hold a general election immediately after budget bills for FY96 pass the Diet.

FY96 Shortfall Estimated at 10 Trillion Yen

OW1112130595 Tokyo KYODO in English
1210 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — The government's revenue shortfall in fiscal 1996 is estimated at slightly less than 10 trillion yen, Chief Cabinet Secretary Koken Nosaka said Monday [11 December].

Nosaka told a news conference the government intends to hold down the amount of deficit-covering national bonds to be issued as much as possible.

He said tax revenues will be about 3 trillion yen less than the 53 trillion yen estimated for the current fiscal year to March 31, 1996, and government subsidies to local entities will accordingly be trimmed.

Overall, he said, the government's deficit will amount to slightly less than 10 trillion yen.

Labor, Management Leaders Urge Economic Reform

OW1112043295 Tokyo KYODO in English
0420 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — Two leaders of Japan's labor and management circles called Monday [11 December] for the government to press ahead with deregulation, decentralization, tax reform and other structural renovation efforts to help shore up the sluggish job market, officials at both sides said.

Jinnosuke Ashida, chairman of the Japanese Trade Union Confederation (Rengo), met with Jiro Nemoto, president of the Japan Federation of Employers' Associations (Nikkeiren), at a Tokyo hotel to exchange views on employment conditions.

Although they agreed reform efforts are necessary, the leaders seemed to disagree over specifics, according to the officials.

While Nemoto stressed the need to redress Japan's costly structure reflected in international price gaps, alluding to management's intentions to cut labor costs, Ashida argued for focusing on tax reform and ways to prop up land prices.

Japan's jobless rate in October stayed at 3.2 percent for the fifth straight month, the highest since the government began compiling such statistics.

Panel Urges NTT Breakup, Ending Ban on Firms

OW1112004095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 8 Dec 95 Morning Edition p 1

[FBIS Translated Text] On 7 December, the deregulation subcommittee (chaired by Takeo Shiina) under the government's administrative reform committee held a plenary session and approved its final report on deregulation measures. The report contains 53 deregulation proposals in 12 sectors. Regarding the information and communications area, which is a focal point of discussion, the report clearly spells out a plan to break up the Nippon Telegraph and Telephone (NTT) Corporation, saying, among other things, that "it is necessary to divide the NTT into competitive organizations." At the same time, the report also calls on the Ministry of Posts and Telecommunications to sharply relax the Telecommunications Business Law. Regarding securities business, the report launches a plan designed to shift from the current system of licensing security firms to a registration system. A plan to completely lift a ban on holding companies is also incorporated in the report. Saying that the resale price maintenance system for newspapers and books will be kept "as a task needs to be studied for

further discussions," the report actually defers decisions on such matters as agricultural and marine products and medical and welfare services.

After being briefed by the subcommittee on 8 December, the Administrative Reform Committee will submit the final report to Prime Minister Tomiichi Murayama by around mid-December. The government will start early next year to exert all-out efforts for aimed at revising a "plan for promotion of deregulation" slated for late March next year.

Regarding the information and communications sector, the final report points out that administrative regulations on starting new communications business are obstacles to free competition and that the information and communications sector is based on an unique market structure where the NTT has monopolistic communications network. The issues of "splitting up the NTT" and "removal of the clauses of the Telecommunications Business Law on coordinating demands," which the NTT insisted on keeping, are also incorporated in the report.

Regarding the ideal shape of the new NTT, discussions were made in the past as to whether to "separate" [bunri] the NTT into a central company and its local affiliates or to "split" [bunkatsu] it into independent regional companies. While avoiding the use of the word "separation," the final report shows its intention to support the idea of splitting the NTT. However, the report simply says that "it is necessary for the Telecommunications Council (an advisory organ to the minister of post and telecommunications) to thoroughly study" concrete methods of breaking up the NTT, including the number of regional companies.

On policies to promote competition, the report proposes a lift of a ban stipulated in the Antitrust Law on holding companies, saying: "It unreasonably imposes restrictions on business development." Regarding the financial area, the report calls on the government to quickly study the idea of introducing the registration system, saying that the licensing system "create conditions for companies' smooth participation in or withdrawal from the market." Moreover, it also calls for withdrawal of guidelines for a capital increase by offering stocks for subscription at market price and the easing of regulations on utilization of the welfare annuity fund.

Regarding the resale price maintenance system for publications, the report says: "We will continue to raise the issue of the validity of this matter and conduct indepth discussions as a pending task. We also urge the Fair Trade Commission to conduct further discussions on this matter."

As for agricultural and marine products, the report touches on ownership of agricultural land by corporations, which are not authorized by the Agricultural Land Act to own agricultural land, and simply notes that "wide-ranging discussions should be held." Regarding the medical and welfare service sector, the report puts off its decision on operation of medical organizations by profit-making corporations.

In addition, among other things incorporated in the final report, are further plans to: 1) abolish the Large-Scale Retail Store Law; 2) abolish the retail sales licensing and approval system for liquor and cigarettes; 3) give home owners the right to terminate a lease after a certain period; and 4) expand areas covered by private fee-charging employment exchanges.

Coalition Panel Seeks To Cut Land Transfer Tax

OW1112144095 Tokyo KYODO in English

1337 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — A task force made up of members of the three ruling coalition parties is seeking to ease land-related tax burdens to levels seen in the speculation-driven "bubble economy" of the late 1980s, coalition sources said Monday [11 December].

The task force has drawn up an outline of its land tax reform proposals for fiscal 1996, which starts next April, calling for a cut in the land transfer tax imposed on profits from sales of real estate held for more than five years, the sources said.

To revitalize land transactions and help rev up the sluggish economy, the task force wants to lower the tax rate imposed on individuals who gained profits of up to 40 million yen from the current 32.5 percent to 26 percent, the level seen before fiscal 1991, they said.

At present, companies that earned profits from land transactions after holding on to it for more than five years are required to pay another 10 percent in taxes in addition to ordinary corporate income taxes.

In the reform proposals, the task force envisages a cut in that tax to 5 percent, the sources said.

The coalition team is also considering reducing the land value tax from the present 0.3 percent to 0.1 percent, they said.

The land value tax, designed to lower real estate prices and promote the effective use of land by increasing landholding costs, was introduced in 1992 as a national tax, following spiraling land and other asset prices in the bubble economy.

The task force basically agreed to peg the fiscal 1996 municipal property tax at levels seen in fiscal 1995, the sources said.

It formally adopted the provision to continue income and local inhabitants tax cuts totaling 2 trillion yen in fiscal 1996 to help lift the economy, they said.

The cabinet of Prime Minister Tomiichi Murayama will adopt its tax policy for fiscal 1996 Friday.

in the outline of reform proposals for the land tax system, the ruling coalition task force is also calling for reducing the land transfer tax for individuals from 39 percent to 32.5 percent where profits of more than 40 million yen are made, the coalition sources said.

But most task force members insist that a new category for taxes be introduced where profits of more than 80 million yen are made, the sources said.

At present, the preferential 20 percent rate is being applied to "blue chip" deals for residential land development and other purposes.

With the envisaged tax cuts, however, the preferential rate will be applied only to transactions for public use, the sources said.

On taxation for those purchasing land, meanwhile, the task force agreed to leave the land registration tax at fiscal 1995 levels, they said.

Panel members also basically agreed to peg the real estate acquisition tax at fiscal 1994 levels, the sources said.

Payments for the two taxes have so far increased in line with a rise in the municipal property tax.

Advisory Body Urges Development of 4 Land Areas
OW1112130995 Tokyo KYODO in English
0920 GMT 11 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 11 KYODO — Japan should build a regionally diversified nation based on four independent areas or "axes" so that people can live in affluence and harmony with nature by 2010, a government advisory body said Monday [11 December].

In a report presented to the National Land Development Council, an advisory panel to the prime minister, the council's subcommittee on planning stressed the need for rectifying the concentration of political and economic operations in Tokyo.

The report was prepared for the next national land development program from 2000 to 2010, the fifth of its kind, which will follow the current program adopted in 1987.

The National Land Development Council is scheduled to map out an interim report next fall and draft the next land development program by spring 1997.

The subcommittee report proposes replacing the current national land structure heavily dependent on an economic belt that stretches from Tokyo to Fukuoka with a new one dispersed into four axes.

The four axes proposed are a Western axis ranging from Tokyo to Fukuoka on the Pacific coast, a northeastern axis from Tokyo to Hokkaido on the Pacific coast, a Pacific axis that includes central Japan, Shikoku and Kyushu, and a Sea of Japan axis that stretches from northern Kyushu to Hokkaido on the Sea of Japan coast.

The report said these axes should be run in close collaboration to share some urban functions and prop up local development in economics, culture and medicine.

Looking at rural areas defined by the report as "residential areas affluent in nature," it recommends that forests and farming land be well managed so as to protect the environment.

The report, forecasting a shortage of investment capital due to a decline in population in the 21st century, proposes building social infrastructure such as highways, high-speed bullet train networks, parks and sewage facilities by the early 21st century.

It does not touch on how to finance these projects, however.

Spread of Toyota's Just-in-Time System Viewed

Management Issues in Asia

952A0771A Tokyo NIKKEI BUSINESS in Japanese
31 Jul 95 pp 26-30

[Unattributed Article: "Rules of Experience Do Not Apply; 'National Character' Stands in the Way of Evangelists"]

[FBIS Translated Text] It takes just under an hour by car headed southeast from the center of Bangkok. The plant practically completely covers the property after repeated additions of buildings. There, Toyota Motor Thailand (Thai Toyota) is producing its leading truck "Hilux" and the passenger cars "Corolla" and "Corona."

Beginning this year, it abandoned speculative production as a rule and changed to manufacturing of only the orders it receives from dealers. Orders from dealers are monthly, and although that is still crude, it will improve accuracy in the future from two week units to one week units. Once that reaches one week units, it will be on a par with Japan. This is the practice of the

Toyota production method that eliminates the waste of "overproduction."

One Man Came From Japan

Beginning in February, the company began employing the "Just-in-Time System" in its transactions with local parts makers. A plant employee scurries around in the heat and humidity that is just over 30 degrees celsius. Next to him a vinyl covered billboard on which is written the processing method and the quantity to be ordered from the parts makers is stuck to the shelf.

This process is in the trial stages and mainly concerns transactions with Japanese transplants concentrated within a 30 to 40 km radius of Thai Toyota. It is endeavoring to approximate the "Just-in-Time" system that tries to eliminate inventory between processes by "producing and transporting only the necessary items when they are needed and in only the necessary quantities."

The quantity of Toyota's completed cars in the ASEAN (Association of Southeast Asian Nations) nearly doubled in the five-year period until 1994 (240,000 units) in the context of the economic expansion of this region.

There is even an estimate that by the year 2000 the annual production scale will reach 800,000 units in the entire east Asian region, rapidly expanding to a scale that rivals the current level in North America. Accompanying the surge of production quantities, productivity improvement is indispensable. From the stage of procuring nearly all parts from Japan for assembly only, it is beginning to progress with localization of parts procurement and is being pressed to make a "qualitative transformation" of production that includes the method of procurement.

Because Thai Toyota is the largest among the assembly bases, of which there are six in ASEAN, that sort of improvement in efficiency is a top priority. Situated at top command of the inculcation of the "just-in-time" method and other elements of the Toyota production method is one man who Toyota dispatched from Japan.

Thailand: Mr. Takeo Yahagi

Vice president of Thai Toyota Mr. Takeo Yahagi, age 54, is in charge of all aspects of manufacturing.

Whether at his desk or when he leaves for a meeting, he is always dressed in his safari-type outfit which allows freedom of movement, so he is always able to go out to the production lines. He came to his post in Thailand from the Takaoka plant (Toyoda City, Aichi Prefecture) in April 1994. Hired by Toyota in 1963, he has consistently worked in the technical field, and his

experience at main plants within Aichi Prefecture, such as Motomachi, Takaoka, and Tawara is extensive.

For more than three years beginning in the fall of 1987, he assumed charge as vice president of Canada U.S. passenger car assembly base, Toyota Motors Manufacturing Canada, participating in the startup of operations of that company beginning in 1988. His post at Thai Toyota is the result of his experience of transferring production engineering to Canada.

Among Japanese origin parts makers that have dealings with Thai Toyota, comments are heard that "Thai Toyota has changed over the past year." This is because under Mr. Yahagi, there has been a gradual appearance of the Toyota style in carmaking due to the just-in-time method and order-based production.

However, Mr. Yahagi himself is brusque. "We have only set the format."

Even Toyota, which in Japan runs at the vanguard of the "Kaizen [improvement]" movement, is not at a high level in Thailand. In the summer of last year at Isuzu Motor Thailand, which produces small trucks, etc., the "Kaizen team" manually built an unmanned transport vehicle that carries parts for each process in the plant. According to that company, after making this device Thai Toyota requested information, saying "tell us how you made it."

When Mr. Yahagi assumed his post last spring, his feeling was that "work at the plant had become stuck in a rut." Because the company's history is long, it is filled with people who had worked continuously for 10 to 20 years. A carefree mood pervaded the entire plant. The climate was not conducive to operators taking the initiative to perform "Kaizen" to improve work efficiency.

In fact, Thai Toyota was originally a sales company established by Toyota Motor Sales in 1962. Although a full 30 years has elapsed since starting production, for a long time it was limited to KD [knock down] (local assembly). Local employees of the plant were accustomed to so-called "simple" operations of assembling parts procured from Japan.

The reason that Mr. Yahagi views the job site with such severity is that he is a dyed-in-the-wool "Toyotaman" who was educated under the direct tutelage of the late Taiichi Ono (former vice president) who is one of the "parents" of the Toyota production method. After the war the Toyota production system became firmly established amid the aim to catch up with the productivity of the European and U.S. automobile industry.

The central figures of that effort are the late Kiichiro Toyoda (founder), who broke into the automobile business, Eiji Toyoda, currently honorary chairman (fifth-generation president), and Mr. Ono. Mr. Yahagi received guidance from Mr. Ono from the fifth to the 10th year after being hired and it was during that period that he was working at the Takaoka plant.

It is said that Mr. Yahagi was upbraided by Mr. Ono, who frequently visited the plant, and when the machines were running poorly, said, "Hey, take a look at this. Don't you think there is something wrong here?" Mr. Yahagi reflects on the situation at the "Ono training center" of that time. "I was assigned to 'fix it before the next visit,' but usually I would have to redo it the next time, too. After about the fourth time, he finally said, 'It's a little better.'"

The Problem Is With Middle Management

For Mr. Yahagi, the Toyota style of production is "an accumulation of the process of finding the problem area, tracking down its cause and solving it." billboard, and "Andon" trouble display boards for the lines and machinery are nothing more than a means of clarifying problems with how work is being performed.

It is not as though nothing was done at the Thai plant during the course of its long history.

Take, for instance, necklaces worn by workers. There were instances of necklaces worn by operators scratching cars on the work site and there was also a hazard of the operator himself being injured if a necklace were to get caught in the machinery. A significant effort was required just to persuade them of that. Even the basic "discipline" of efforts to reduce tardiness and absenteeism, etc., was put on hold by his predecessor.

However, in contrast with the Canadian plant where all employees were newly hired and it was possible to provide training with a "clean slate," it is difficult to stamp out the character of a "lackadaisical attitude" of the old employees.

It also has the problem of a shortage of engineers. In Thailand the matriculation to colleges and specialized high schools is low and there is a acquisition war for talented personnel in sciences and engineering by leading local-owned and Japanese and European or American oil companies, etc. There are many cases where personnel which have been secured are scouted by other companies, and Mr. Yahagi says that Thai Toyota, which has high-level manufacturing technology in Thailand, finds itself on the "losing side."

One year and four months have passed since Mr. Yahagi assumed his post in Thailand. Currently, he is steadily

moving forward with awareness reform at the plant. He is cultivating six "trainers" who serve in a guidance role for the job site among the Thai management and who are in the process of spreading the "kaizen [improvement]" philosophy among the line's group leaders and team leaders, not to mention the general employee population. Beside the assembly line, a station for inspecting the finish of body paint, etc., has been completed. This is the starting point for Mr. Yahagi to begin the steady progression of implanting basic operations to conquer the handicaps found in Thailand compared to Canada.

Indonesia: Kunio Tomura

"The problem is with the middle managers," asserts Mr. Kunio Tomura (age 52), who just returned from a lecture meeting at a hotel in Jakarta for employees of joint ventures on the theme of the Toyota production system.

Mr. Tomura is manager of Toyota Astra Motors (TAM) which produces the multipurpose car "Kijang," which can be employed both commercially and as a passenger car at an industrial area near the central part of Jakarta. He is in charge of the production and production control divisions. He received training on the Toyota production system from Mr. Kikuo Suzumura (currently vice president of MIB), who is in charge of the machinery division and a direct pupil of the late Mr. Ono. That would make him a "grand" pupil of Mr. Ono's, as it were. The voice that he uses to issue instructions to his subordinates is so loud that all those nearby can hear clearly; he is a front-lines commander type.

Local Management Does Not Keep Eye on Job Site

Mr. Tomura's complaint is that when Indonesian plant department managers give reports of line stops and machine problems, they are not even watching their own lines. The department managers give exactly the verbal report they received from the section manager, and even the section managers tend to report only what they have heard from their subordinates.

This goes against the Toyota principle that prizes "the actual item on the job site" where one rushes out to the lines when there is a problem to see the actual item for oneself. There is no way the Toyota method will become established if there is no initiative among the middle managers, who are supposed to set an example and train the employees on the job site.

This happened when Mr. Tomura instructed the local management that remodeling would be done within the plant. They met with the job site employees in the break area and did not come out for 15 minutes. They were assigning the areas that would be painted, but each time

one employee expressed opposition, his manager would make a reassignment. It is said that "things do not easily get decided when there is even one person opposed. There is not much evidence of majority rule."

Mr. Kazuo Takemasa, who is a coordinator for a local department manager, explains about the nature of the Indonesian people. "People in this country despise being given instructions and dressed down in front of the others. That is why they themselves do not try to give instructions to others either."

In order to enlighten the middle managers, when Mr. Tomura receives a report from a local department manager at his own seat at the office building, he says, "Let's go take a look," and rushes over to the adjoining plant building with the department manager in tow. By taking the initiative and setting an example, "it means he can naturally go take a look for himself at the 'actual item'."

Mr. Tomura is moving ahead with an elaborate training program for middle management as well. After selecting 10 of the best group leaders for training as instructors in 1993, last year he created a training program for 200 group leaders and 300 team leaders. Almost every two weeks training is implemented for two days, at which time they do such things as debate problem-solving methods based on examples from each process and listen to lectures on quality control, etc. All over the assembly line walls are graphs and charts illustrating the defect frequency of each team, the number of proposals made by workers, etc., to stimulate the group and team leaders.

"Why do we sandwich a different type of car between two cars, such as 'Corona-Corolla-Corona'? Wouldn't it be more efficient to run all the same cars in one shot, such as 'Corona-Corona-Corona'?" Up until recently, there were questions like these entertained by local employees. It is not easy to tangibly sense the fact of the costs of having inventories.

That has changed as the understanding of the middle managers has changed. Says assembly plant general manager Mr. Mo Kesuono, "Mixed production" is an excellent system because it means we cannot make too many completed cars that will just have to be kept in inventory."

Philippines: Mr. Hirokazu Yamamoto

Approximately 40 km from Manila in a pastoral region surrounded by millet fields and villages is Toyota Auto Parts Philippine (TAP). President Hirokazu Yamamoto (age 55), whose experience in the overseas production field totals nine years and three months in the Republic of South Africa and Thailand, is frequently troubled by

the high degree of "rights awareness" among employees in the Philippines.

A supervisor's salary is five times that of a worker on the line. President Yamamoto vents his feelings: "Union members complain that 'why is the salary of guys who just stroll out to the line occasionally griping about this or that so high?'"

While the difference in wage levels is large in the Philippines, a former U.S. colony, as in U.S. firms, the attitude of workers has also been "Americanized," so they say what they feel they must to the management side. "If, to suit variation in demand, the number of machines in a person's care is increased from 10 to 12, they will demand that 'you increase my salary for the extra work.'"

"If You Work The Way They Do at Toyota We Will Raise Your Pay"

Says President Yamamoto, "I'm sure their complaints are justified. The wages of line employees who work a three-shift system in this heat without sleep is 4,000 pesos (1 peso is equivalent to about 3.5 yen) which has not changed since they came to work here. Worker pay is low, so I would not mind giving them more." Yet, the company is unable to go ahead and raise wages.

Mr. Yamamoto explains: "Since we are hardly able to cause a breakdown in this country's wage system, our company alone cannot step out of bounds. To that extent, we are compensating workers with bonuses. Although the annual legal minimum bonus is just over one month's pay, we are giving them 3.5 months' worth per year."

Of course, to the extent that bonuses are higher the work at TAP seems to be more exacting. "Apparently, when their employees request higher wages, other firms in the area tell them 'if you work the way they do over at Toyota, we will raise your pay.' Whereupon the employee might reply, 'Never mind,'" says President Yamamoto with a strained laugh.

However, there is a shortage of talented personnel who can carry out such high density work. This is due to the fact that the automobile and related industries have an inadequate infrastructure. "When we advertise in the newspaper for 'experienced people' in the manufacturing industry, the response is from people who are engaged in maintenance of medical equipment, food processing, and the like. So applicants who come for an interview are first taken out to the lines and we have them understand that 'this is the way our plant is.' It is after that their employment is decided."

The Toyota production system has become entrenched as the "backbone" of postwar Japan's manufacturing industry, and while it has succeeded in North America, the "evangelists" in Asia are getting a taste of the struggle on the lines. Whether to take another step forward toward a universal system that will take root in Asia remains to be seen as their experiment has just begun.

Parts Supply Bottleneck in Asia

952A0771B Tokyo NIKKEI BUSINESS in Japanese
31 Jul 95 pp 31-33

[Unattributed Article: "It's Time To Revise Asian Version of Production Method"]

[FBIS Translated Text] "It looks like we will receive a several thousand unit order for taxis in the Philippines." At the end of December of last year President Naoto Takabayashi of T&K Auto Parts, Toyota Motor's steering gear production facility in Malaysia, jumped up after receiving a single phone call.

This "special demand for taxis" was due to a Philippine notice that says "new registration of taxis will not be accepted if the cars are not new." At that time, T&K auto parts did not happen to have a sufficient inventory of steering gear materials on hand to handle "special demand."

The Sudden Massive Order Handled by Air Transport of Parts

Because the material being procured from Japan is sent by ocean freight, it is ordered three months prior to beginning the production of steering gears. However, the Philippine taxi company must receive the completed cars by February. According to the usual pattern of material orders it would be out of the question. The parts would have to have been ordered in November or they would not be on time for shipment from Japan.

President Takabayashi immediately arranged emergency supply by air freight and delivered the steering gears to the Philippine assembly plant (Toyota Motor Philippine), thus averting a crisis.

Although Toyota is expanding production in the ASEAN region at a rapid rate, it is difficult to respond quickly because of having to transport supplied parts and materials over water, as exemplified in this one case that made President Takabayashi turn pale.

The materials for vital automobile parts, such as engines, transmissions, and steering gears, require a high level of technology so they are mostly being procured from Japan. Among the 79 materials that are used in T&K steering gears, only two are locally produced. The

remaining 77 are Japanese-made. Even with regard to the transmissions made by Toyota Auto Parts Philippine, according to President Hirokazu Yamamoto, "At present almost 100 percent are being supplied from Japan."

For a long time Toyota's completed car production in ASEAN has been "knock down" (CKD) in which it exported basically all the requisite parts from Japan and assembled them locally. However, in the 1990's it began local manufacture of engines and then transmissions and steering gears, and by advancing local production of key parts it has steadily firmed up its completed car production infrastructure.

The establishment in 1990 of a Singapore office, Toyota Motors Management Service Singapore (TMSS), which mediated in the trade of parts and materials between ASEAN-based facilities and Japan, was a major turning point. On the occasion of starting TMSS, it was able to effectively utilize the mutual parts complement agreement (BBC) through which import tariffs are reduced by half, so it is moving forward with full-scale mutual supply of parts within the ASEAN region.

In addition to key parts, items subject to this are expanding to include floor panels, shock absorbers, etc. Though the amount handled annually by TMSS up until 1992 was about 1 billion yen, it is sharply increasing, reaching 9 billion in 1993 and 16 billion in 1994.

Nevertheless, it is difficult to increase the frequency of transport of parts between bases because the number of voyages by the ships is few, so it is always necessary to send large quantities. Transport availability by ship is usually once per week and the maximum amount of shipments of transmissions from the Philippines to Thailand is twice weekly. The completed car assembly plants of Thailand and Indonesia, etc. must ordinarily physically possess two or three days' of inventory.

Compared to Japan which has the equivalent of no inventory, this is quite a bit of "excess fat." On top of the heavy load of large inventories, transport costs also climb because of having to ship over water.

Thai Toyota Vice President Takeo Yahagi recognizes the handicap. These geographic limitations "are not something that can be ameliorated by one's own plant alone."

The reason for the low number of shipments is partly due to the situation that the amount of parts needed is not as great as Japan. The production scale of each completed car plant in the ASEAN region is still, at the most, only one-fourth to one-fifth that of Japan's leading plants or the U.S. transplants.

Small Production Scale is Also Bottlenecked

Annual production at Japan's Tawara, Motomachi and the U.S. Kentucky plant, etc., numbers 400,000 to 500,000 units. While its volume is sharply increasing over the past several years in ASEAN, Thai Toyota's output was 110,000 (1994), Indonesia's Toyota Astra Motor was 80,000 units. Currently shipments over water can only be sent once or twice per week and it will take time to realize more frequent shipment of parts on a par with Japan.

Because the production scale of completed parts is different, even when procuring parts from within the same contiguous country, the frequency is not high. The frequency at which both Thai and Indonesian plants receive parts by truck from Japanese-affiliated and local makers is ordinarily once per day. The most that could be managed would be twice per day. Even though procurement based on the "just-in-time method" is being started, it is on a different scale from Japan where trucks from parts makers may make seven or eight trips per day.

In ASEAN, there has been no penetration at all of the Toyota system into the pyramidal structure on the whole of primary and secondary parts makers. Even if one obtains the understanding of the same Japanese-affiliated primary parts maker the difference in awareness of the local secondary maker can interfere with parts production and it is difficult for them to take the stance of making quick deliveries to Toyota.

Naturally, Toyota is not just standing idly by. It is attempting to devise ways of conquering these geographical limitations and has commenced with training of local firms.

First on the agenda was cutting distribution and inventory costs. Beginning this year it changed the transport of steering gears to Thailand from Malaysia's T&K Auto Parts from ship to car. Though it takes one week by sea freight, by car, delivery can be made in three days, so frequency can be increased. To that extent it has led to a reduction of assembly plant inventories.

It is also endeavoring to boost efficiency by making a modification of the inside of shipping containers. For instance, when steering gears are shipped from T&K Auto Parts, they are packed in the container with radiators manufactured by a Japanese-affiliated maker (Nippondenso), also located in Malaysia, and shock absorbers (made at Kayaba plant). As for distribution efficiency with regard to the costs within the ASEAN region, TMSS President Mikio Nomura says, "Compared to the time when we began mutual supply, costs have decreased by half."

Even when T&K Auto Parts procures steering gear material from Japan, "because the shipping container could not be filled up, we just had them send about half, so we managed to decrease material inventories by a wide margin," explains President Takabayashi.

Even Bottle Makers Want a Piece of the Action

The expansion of local procurement sources for parts must not be overlooked. The production engineering and purchasing departments of Singapore's TMSS assembly plant and Toyota's home company in Japan are cooperating in finding new sources of procurement. A Philippine firm that makes drink bottles which indicated it wants to do business with Toyota was requested to make prototype plastic molded parts for automobiles and quality and performance testing is currently under way.

Despite the fact that the parts TMSS mediates now total around 10 types, according to TMSS President Nomura, "If you add up the products of local firms that are being marked for selection in each nation, that figure would jump to several dozen types."

A model firm for frequent delivery has been found. It is automotive seat maker Arako's Indonesia base, Kadera AR. It sends three trucks to Toyota's assembly plant during the day and two at night.

President Koichi Terasaka has an understanding of the Toyota production method and enthusiastically explains the "principle" of the just-in-time method to his employees: "Even when there are no seats to deliver to Toyota the truck must be dispatched at a set time to pick up the bulletin board." Immediately adjacent to the plant entrance of Kadera AR, there is a bulletin board hanging up for checking whether the truck has left on time.

"At the new plant in the Gateway district, Toyota is aiming to achieve 'Just-in-Time' resembling that of Japan. There will no doubt be requests for several parts deliveries per day." Currently among Japanese-affiliated parts makers in Thailand, this view is spreading.

Thai Toyota is planning to finish acquisition of land for the new plant in Gateway which is 60 km east from Bangkok and will start operations from spring to summer of next year. In contrast with the current plant which worked hard on layouts for its lines and storage areas for parts by successive expansions of its building, a plant that is started up from ground zero has an aspect that will facilitate putting the Toyota production method into practice. Vice President Yahagi is very enthusiastic. "I want to paint the picture starting with a blank canvass."

Of course, even if Kanban [just-in-time] transactions with local makers increase and procurement of parts from Japan decreases, it will be hard to change the composition of mutual supply over water. This is because an infrastructure related to the automotive industry has not been prepared in order for each nation's assembly plant to procure most all necessary parts within those countries. The level of manufacturing technology of local firms is inferior and there is the problem of there not being makers depending on the type of parts; therefore, even if an industrial base is cultivated in the future, it will take a long time.

Asia also has the weakness in that on the flip side of it being a growth market, it is difficult to develop an outlook. For instance, there is doubt concerning to what extent automatic transmission cars will spread.

In the case of the "Kijan," a multipurpose small car produced in Indonesia, "during discussions at each base of ASEAN, some estimate current monthly production on the low side with production units of 6,500 units, while some who estimate on the high side put it at 30 percent." President Yamamoto of Toyota Auto Parts is troubled by this.

President Yamamoto of the transmission manufacturing facility is eying production of automatic products in addition to manual products, but it is difficult to determine how much equipment capability to allocate for production of automatic transmissions.

T&K Auto Parts is currently reducing to 0.87 months its inventory of steering gear material, the majority of which it procures from Japan, and its target is to stock enough for 0.75 month. Says President Takabayashi: "If you take the attitude that 'it would be okay to stop the line about once per month,' it would be possible to reduce inventories to zero." It is difficult to bring oneself to stop the lines because of the resulting drop in productivity, so a change of ideas will be in order.

The expansion of Toyota production in Asia is impeded by limitations of the local manufacturing industry infrastructure and geographic problems. The "Asian version of Just-in-Time" is undergoing trial and error.

Just-in-Time in U.S., Europe

952A0771C Tokyo NIKKEI BUSINESS in Japanese
31 Jul 95 pp 34-36

[Unattributed Article: "The Day the World 'Converts': Just-in-Time System Spreads to European Countries"]

[FBIS Translated Text] Five km, 500 km and 5,000 km. These are extremely simplified figures expressing how far each of Toyota's production bases in Japan, the

United States and Asia are located from parts supply sources.

The "evangelists" of the Toyota production method scattered throughout Asia are meeting the challenge of the struggle with the "monsters" in the form of the oceans that stand in the way of distribution and the distance from Japan, which is the supplier of raw materials.

On that point, the U.S. parts industry is concentrated within a 500 km range from Toyota Motor Manufacturing USA (TMM) in the U.S. of Kentucky, so it is possible to make the trip in one day if one speeds on the freeway.

The Japanese-Style English Term JIT Takes Root in U.S.

Just-in-Time (JIT) is representative of the Toyota production system. The founder Mr. Kiichiro Toyoda (deceased) began using this Japanese-style English term beginning around 1938 and it has since gained citizenship in the United States, adorning the headlines of U.S. newspapers and even being used as a matter of course by leaders of the Big Three.

One employee who works on the TMM line zealously states, "Mr. Cho and Mr Taichi Ono are the ones who taught JIT to us." He is referring to TMM Managing Director Fujio Cho, who has been in that position a total of six years as of September 1994. Since entering the company, he has almost consistently walked the path of production analysis and control, and is a direct pupil of the late former Vice President Taiichi Ono.

Stresses Managing Director Cho said, "It was in 1962 that just in time methods were integrated in a big way in Japan. I remember that it took 10 years for it to become 90 percent established. The hard work of spreading the Toyota system outside of Japan is the same for the United States and for Asia."

Of course, the nature of that hard work is completely different. In Asia, to the extent that the infrastructure is inadequate it was possible to build the Toyota method in the manner that one paints on a white canvass. In the United States, in exchange for being able to use the existing industrial infrastructure that extends around Detroit, an individual automobile culture already exists and it is not easy to newly import the "Toyota method."

Toyota's aim in the United States in the end was not how to force itself on people but began and ended in the sole point of how to cause the "Toyota method," which is different from the Big Three, to penetrate.

"Mr. Ono who created the Toyota method put it to me this way." When Managing Director Cho explained the

production system to TMM employees, he consciously avoided talking as though he was giving orders. This is because he was most fearful of the nonchalant phrase that urges improvement ending up sounding like he was "forcing" something on them.

Deciding on Kentucky which is about 500 km from Detroit as the site for the plant was due in part to the judgment that multiskilled workers and occupational conversions, which are fundamentally not recognized by the United Auto Workers (UAW), would be indispensable to the Toyota method.

At the time of expansion, most of the surrounding residents were engaged in agriculture and securing employees possessing experience working in the manufacturing industry was exceedingly hard. For that reason, for some time after beginning operations Toyota ended up getting a good taste of "educating inexperienced people in the hard work of production" as was the case in Asia.

In order to receive training on "What is the manufacturing industry?," beginning in 1988 when it started production as many as 500 of the leading members of TMM visited Toyota's home company for approximately one month to get training on the lines.

Being extra cautious, a policy was struck home at the startup of operations in 1988 of "we do not care about the quantity of production. If a problem occurs, stop the lines all you like. In exchange, we just want you to unfailingly maintain quality."

If the line is stopped, damage on the order of 1 million yen occurs in an instant. In the factories of the Big Three in the past, one might even be fired. Therefore, nearly a year was required just to make this policy penetrate to all the employees. The number of units produced during the first fiscal year of operation was 18,556 units, which is less than one-tenth of capacity.

Even on the distribution front which is blessed with much better conditions than are found in Asia, the problem was the lack of experience of the employees. The load was too heavy for them to accurately control with the "Toyota method" for an automobile parts inventory of more than 20,000.

"We do not ask you to completely grasp the entire parts inventory. But at least we want you to know which parts are about to run out and which parts are oversupplied." Several years passed before Managing Director Cho stopped having to repeat that in front of the parts storage area where the concept of orderliness, which is a natural custom in Japan, did not readily take hold.

Toyota Way Realized Even in U.S.

Evaluating Toyota's North American strategy, automotive analyst Ms. Marian Keller says, "Even in the United States the 'Toyota way' is being realized and is yielding results. One must recognize its latent power."

Confidence in the Toyota method even resembles a type of religion that does not waver. Although some corrections are necessary depending on the region, the Toyota-style production philosophy itself has validity throughout the world. This idea is inflexible.

Actually, the Toyota production system has even influenced the Big Three through NUMMI (in Fremont California) which is a joint venture manufacturing base between General Motors (GM) and Saturn, GM's small car that incorporates the Japanese style on the aspects of production and management as a Japanese car "killer."

At GM's Louisiana plant which does consignment production of Isuzu Motor pickup truck, the Toyota method of the "stop rope (automation)" has taken hold among line employees. Major parts maker United Technologies since about 1990 has switched its product delivery to the Big Three to the Just in Time system.

European makers are hardly the exception. Last year BMW established its first U.S. manufacturing base, BMW Manufacturing, in South Carolina. According to a related person, "Because unions have become too strong in Germany they had their hands tied. They also had the objective of attempting a personnel management and production system that integrates the Japanese style."

True to its word, U.S. BMW scouted more than 10 top executives from Toyota. They are creating a plant that uses the "Toyota method" even in personnel management, such as adopting the large room method, eliminating special dining and parking facilities for directors, among other things.

At the very least the term "Just-in-Time" itself has been transformed into a phrase common to the entire world. Even so, to hear Honorary Chairman Eiji Toyoda, who went through the vicissitudes of the "Toyota method" since Toyota's founding, tell it, there is still a long way to go. "GM's 'Just-in-Time' is far from perfect," he says.

There are still walls remaining in the United States that Toyota itself must overcome. The problem of inadequate experience of employees within Toyota has almost been solved, and variation in inventory has become a thing of the past. The problem is the relationship with the 365 local parts makers in North America as a whole.

To begin with, U.S. parts makers have a high degree of independence from completed car makers, and not

only are they uncooperative in reducing costs, it is not unusual for them to even request price increases. In Asia where there are few noted parts makers, it is possible to pick and choose which Japanese-affiliated part maker one will deal with. However, in the United States there are political problems so it is necessary to place orders as much as possible with local parts makers.

In September 1992, Toyota established the "supplier support center" in Kentucky for the purpose of "providing know-how conducive to improving quality on the manufacturing processes, reducing costs, etc." Up to the present, 221 North American firms have requested seminars on the "Toyota method" and the 19-member staff is initially conducting technical support of 39 companies.

President George Hummel of Continental Metal Specialty (CMS), a leading firm with 1100 employees which supplies metal stamping parts to TMM, is unequivocal: "We receive coaching from Toyota on the production system for free, and the more quality improves, transactions with other customers expand. You can't get a better deal than that." CMS' defect rate is 0.003 percent, and it is even now making further improvements.

"One Cannot Do These Things Just for Business"

An examination of unit quantities alone shows that production in the entire Asian region including China and Oceania will climb to the current North American level in the year 2,000. Nevertheless, due to special circumstances in Asia, such as there being few good parts makers, the obstacles of national boundaries and transport predominately by ship, it will not be possible for Toyota alone to escape unscathed. Even now in Toyota's Asia, on both the quantity front of production units and the quality front of the degree of entrenchment of JIT, there will be a lag behind even the United States, which was late in getting starting.

One Toyota method evangelist complains: "We cannot be doing these things with business and calculations alone." That sentiment is a common one for Toyota people involved in production of parts and completed cars in 34 plants in 24 nations of the world, such as Central America, Africa, the Mideast, etc.

There is no evidence that the same way of doing things that took root in the United States and Europe will blossom in Asia as well. Even so, they still have faith and devote themselves to the promulgation of the foundation of the "Toyota method."

In the 21st century, the leaders of local firms besides Toyota in the various regions of Southeast Asia are forming the phrase "Just-in-Time" in their own language.... The struggle of the evangelists scattered

through Asia, dreaming of what has already materialized in the United States and Europe, continues day after day.

Auto Inspection Reforms Cut Dealers' Profits

952A0761A Tokyo SHUKAN DAIYAMONDO
in Japanese 29 Jul 95 pp 10-12

[Article by Takahiro Takeda: "A Month After Revised Vehicle Law, Auto Dealers Are in State of Confusion"]

[FBIS Translated Text] It has been one month since the revised vehicle law went into effect. The automobile inspection system has changed significantly. This is causing a reduction in income for auto dealers, who are using every means available to them. The showrooms are in a state of confusion. Competition is sure to intensify.

The people on the front lines at the auto dealers are bewildered. With the revised roadway traffic and vehicle law (referred to below as the revised vehicle law) going into effect on 1 July, the automobile check and maintenance system that includes vehicle inspections and 24-month checks has distinctly changed. The confusion is due to employees not being made fully familiar with the accompanying change in the content of maintenance service.

One department manager in charge of service at a certain major dealer is despondent. This department manager pretended to be a customer and made phone calls to affiliated sales offices several times since 1 July to inquire about vehicle inspections.

The result was hardly satisfactory. The responses during the first week of calls were incoherent and pitiful. Going into the third week, things had settled down a good deal, or at least people had become able to provide explanations of changes in the system, such as the fee system, etc. Even so, there was still room for improvement and at some point they had stopped giving the essential sales pitch of "Do be sure to patronize this dealership."

Covering the Reduced Sales Unit Price by Unit Quantities

The main revisions of the vehicle law were 1) discontinuation of the six-month inspection of private passenger cars, 2) a reduction in the inspection items in the 12-month and 24-month checks which are implemented at the time of auto inspections, and 3) the maintenance that in the past had to be performed before automobile inspection can now be performed after inspection.

Since 1 July and after the fee for regular checks, the number of items which decreased, fell significantly. For

instance, Tokyo Toyopet reduced its 24-month check fee for its leading car Corona (engine displacement 1,600) from 21,100 yen to 14,300 yen. The Ministry of Transport is releasing calculations that indicate the fees (the total of fees accompanying service, such as fees for regular checks and parts replacement) per car during two years of ownership will decline by 42,000 yen.

It is said that income from maintenance service makes up about 40 percent of the total average sales ratio of dealers. The decline in income of the service department is a matter of life and death for the dealers. Naturally, they are desperate to maintain income. If the income from checks and car inspection maintenance decreases, then the only option left to them to maintain income is to increase the number of units they handle.

Among customers who purchased new cars at dealerships in the metropolitan area, the average number that will request car inspections from that dealer after three years is approximately half. The majority of customers besides them take their cars to neighborhood auto service stations, etc.

Service stations are also sources of sales cooperation for dealers. Dealers will not bother with service for cars sold through the service stations. About 20 percent of sales are through service stations. That is why there are 30 percent of customers who directly purchase from dealers and take them to service stations, etc. In order to take attract this group, dealers are seriously grappling to improve their customer service.

Clearly Indicating Fees by Item

First of all, there was a change in the method of presenting the fees for checks and maintenance. In the past, the fees were frequently criticized as "being lacking in transparency and too expensive."

The fee for checking and maintenance related to automobile inspections is divided into a 24-month check fee, a car inspection proxy fee and a parts replacement fee. However, in the past there was almost never an explanation from the dealer side concerning the breakdown of the fees. "If you asked them 'How much is the fee?,' their answer would be something like, 'That comes to 70,000 yen,' and the usual practice was to try to haggle the price down from that amount," says Managing Director Isamu Ogiwara of West Tokyo Toyota Corolla.

On the occasion of the recent revision, dealers are trying to improve transparency by clearly indicating fees per item for the customer and providing individual consultations on the content of each check, maintenance service, and parts replacement. So there has been a

change of adding up the fees according to what is requested and making a decision.

Next to improving transparency is retaining customers. Tokyo Nissan Motor Sales began a service of guaranteeing basic checks and maintenance at a fixed amount for a three-year period for customers who purchase a new car in July. Rather than receiving each individual inspection and service, they are setting a relatively inexpensive fee. The aim of this is to firmly hold on to customers who purchased cars at that company.

Strengthening the cooperation between the business department which is in charge of sales and the maintenance service department is also part of the strategy to attract customers to their company. Starting in April the Honda Primo Jonan Ikegami dealership has been employing a system in which the salesman and service man together frequently visit customers who receive automobile and maintenance checks.

In order to respond to the needs of customers who desire to get automobile inspections over with quickly, there are some companies that have introduced short-term vehicle inspections. Sorin Automotive (with its head office in Osaka City) and Toyota Tokyo Corolla began implementation of a one-hour vehicle inspection service last year.

The Confusion Does Not End

In this way, measures are being implemented in rapid succession, but there is still a lot of confusion.

Just taking the single example of thoroughly familiarizing employees with the explanation of fees, as mentioned in the initial comment, has still not taken hold. There are some dealers, such as one Toyota-affiliated dealer, who state, "We hear some of our salesmen saying they still do not thoroughly understand" the extent of inspection items corresponding to mileage and the accompanying fee changes that were incorporated into the recent revisions. There are some cases where much time is taken for explanation and 30 minutes may be required per item.

There are also some dealerships where the strategy of salesmen and service men making visits together does not function well, and one Nissan-affiliated dealer says, "We have tried to implement this company-wide, but only about one-third of all the sales offices are putting it into practice."

At one Toyota-affiliated dealer that was already in confusion at the preparation stage prior to 1 July, they could not get the correct fee pamphlets in different colors for each model printed in time for the 1 July date. By the fourth when the correct pamphlet was distributed,

they were using pamphlets that were all printed in black. The person in charge of this dealer's service department says with a hint of self-deprecation, "It was just like cramming for an exam."

There are also handling variations between dealers. A person in charge of a certain Mitsubishi-affiliated dealer service attended a meeting with another dealer of the same affiliation concerning whether they were using a quotation form for fees that had been corrected to correspond to the new system. In short, this indicates that there are dealers who still have not finished preparation of their quotation forms.

There have even been some companies that changed their service menus after observing trends at other companies subsequent to the 1 July date. In the middle of July, Tokyo Toyopet began examining implementation of one-hour inspections and offering a maintenance service package for purchasers of new cars the same as that of Tokyo Nissan Motor Sales. Nissan Sani Sales Tokyo saw preparations being made of menus according to mileage of many other companies and immediately decided to create a mileage menu of its own.

Differences in ability to adapt to the new system is occurring even between the same sales offices. At West Tokyo Toyota Corolla on 14 July the people in charge of sales offices who had not made headway in acquiring new service customers were called together for a short course in strategies for bringing in new customers.

Why are they unable to easily adapt to the new system? A certain major dealer explains with a touch of self-reflection, "Auto dealers have been sitting pretty, protected by laws such as the regular check system and the vehicle inspection system. They failed to provide good explanations of fees and follow-up service to customers became halfhearted after the second vehicle inspection. Even so, since they were able to secure maintenance service income to a certain extent, they were not anxious to change that system."

This kind of pattern of neglect of the customer is ingrained in dealers. It is only natural that they would run around in total confusion when trying to make a sudden change.

Market Contraction of Just Under 10 Percent

Due to the revision of the vehicle law, it is certain that the automobile maintenance market will contract. According to calculations by the Japan Maintenance Association and Mitsubishi Research Institute, due to the revision, the fiscal 1995 maintenance market will contract by just under 10 percent or 660.5 billion yen compared to what would have been the case had there been no revision. Because the market will contract, it is in-

evitable that competition between dealers, who are trying to acquire customers, and specialized maintenance businesses will intensify.

To counter this effort, maintenance businesses, conversely, in an attempt to lure customers from dealers are setting forth low-fee car inspections. They are desperate because their reliance on the ratio of income they receive from service is much higher than the dealers.

Sorin Automotive's vehicle inspection fee is ordinarily 19,800 yen including the proxy fee of about 7,000 that is taken by the dealer. This is for a one-hour car inspection. Perhaps due to the appeal of the low price, "already there are a good many customers who have flowed in from the dealer," says President Matsukawa.

The fact that user-car inspections are expected to expand to a certain degree will also spur on the intensification of competition.

Dealers, for whom cutthroat competition and market contraction are waiting, do not have much time left to continue running around in a state of confusion. Only those dealers that extract themselves quickly from their perplexed state and prepare a system to win over customers will survive.

North Korea

U.S. 'Hostile Policy' Toward DPRK Noted

*SK1212011795 Pyongyang KCNA in English
0102 GMT 12 Dec 95*

["If the United States Brings Military Adventure Against the DPRK Into Practice, We Unavoidably Have to Take Countermeasures; DPRK Foreign Ministry Spokesman" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The U.S. argument about "threat from North Korea" is a graphic expression of its hostile policy toward the DPRK. Lurking behind it is an adventurous intention to intensify hostile military actions against the DPRK.

So said the spokesman for the Foreign Ministry of the DPRK in a statement issued on December 11.

He said:

We have many accounts to settle with the United States. However, we are sincerely implementing the DPRK-U.S. agreed framework with unanimity and good faith to turn the unfavourable relations of hostility between the DPRK and the United States into ones of trust, looking forward to the future.

If the United States is to stick to military confrontation with antagonism towards the DPRK at a time when the DPRK-U.S. agreed framework is being implemented, our hope for the confidence-based relations with the United States will be broken and the situation of confrontation to confrontation will inevitably come up in the long run.

Now that the United States is scheming to bring the military adventure against our system into practice together with South Korea and Japan, we cannot but feel exposed to threat and will unavoidably have to take countermeasures.

The United States is aware of what consequences would arise therefrom, better than anyone else.

Japan and others agreeing to the U.S. argument about "threat from North Korea" will also have complex problems to be entailed by military confrontation between the DPRK and the United States. They must be mindful that in that case they will be to blame.

Spokesman Refutes Rumor of Threat From North

*SK1212001195 Pyongyang Korean Central Broadcasting Network in Korean
2111 GMT 11 Dec 95*

["Press statement" issued by a spokesman of the DPRK Foreign Ministry on 11 December — read by announcer]

[FBIS Translated Text] A spokesman for the DPRK Foreign Ministry issued the following press statement [tamhwa] on 11 December in connection with the recent unusual moves [simsangchiannun umjigim] against us by the United States while spreading the false rumor of a so-called threat from North Korea.

Press statement by the spokesman of the DPRK Foreign Ministry:

Recently, the United States has been showing unusual moves against us while spreading the nonexistent rumor of a so-called threat from North Korea. According to a report, high-ranking figures of the U.S. Administration allegedly urged Japan to actively cooperate in the anti-Republic cooperation system while laying emphasis on a threat from North Korea, and babbled [ttodurotta] that the phrase regarding a threat from North Korea be stipulated in the joint document for the reformulation of the Japan-U.S. Security Treaty.

This is not the first time we have heard such a rumor, but we cannot but take a serious view of it because the United States is spreading rumors regarding a threat posed by us at a time when the DPRK-U.S. agreed framework is being implemented.

The U.S. argument about the threat from North Korea is a graphic expression of its hostile policy toward the North. Lurking behind it is an adventurous attempt [kido] to further intensify hostile military actions against our country.

It is as evident as seeing a fire [pulul podut myongbaek hada] that such maneuvers by the United States will all the more aggravate the military confrontation between the DPRK and the United States, and drive the situation around the Korean peninsula to a new grave phase.

The United States is the ringleader [changbonin] that divided Korea, and has also stationed its troops in South Korea, and extremely aggravated tension with ceaseless arms buildup and joint military exercises [haptong kunsayonsup] against us. Under this stark situation, the United States must fulfill its obligation by taking practical measures to ease the tension before it is too late.

Today, at a time when the Cold War has come to an end, and the DPRK-U.S. agreed framework is being implemented, there is no ground at all for the United States to pursue its hostile policy toward the North.

No matter how the United States argues about a threat from North Korea, it cannot reverse black and white.

The reason the United States is spreading rumors of a threat from North Korea stems from an insidious [pulsunhan] intention to find a pretext for crushing [apsal] us with military strength and furthermore, to save its military strategy in the Northeast Asian region with us as a scapegoat.

Today, the United States feels ill at ease because of an incident involving a girl student in Okinawa, the slush fund scandal in South Korea, the demand for probe into the 18 May Kwangju massacre, and other incidents occurring one after another which are driving the U.S. military presence into a corner, accordingly, there is no pretext for continued presence of its forces in South Korea and Japan.

What the United States raised in an attempt to find a way out of this is the argument about the threat from North Korea.

We have consistently striven for peace and security on the Korean peninsula and in the Asia-Pacific region and have never threatened anyone.

We put forward the proposal for establishing a new peace guarantee system on the Korean peninsula, and are making all sincere efforts for military talks between the DPRK and the United States.

We have many accounts to settle with the United States. However, we are sincerely implementing the

DPRK-U.S. agreed framework with magnanimity and good faith to turn the unfavorable relations of hostility between the DPRK and the United States into ones of trust, looking forward to the future.

It is thanks to our persevering [innaesongitnun] peace-loving efforts that peace and stability have been maintained up until now on the Korean peninsula and in Northeast Asia though the armistice mechanism was paralyzed on the Korean peninsula owing to the U.S. unilateral abrogation of the Armistice Agreement and the huge armed forces of us and the United States, belligerent parties, standing in acute confrontation with the demarcation line between.

Nevertheless, if the United States is to stick to military confrontation with antagonism towards us, our hope for the confidence-based relations with the United States will be broken and the situation of confrontation to confrontation will inevitably come up.

Now that the United States is scheming to bring the military adventure against our system into practice together with South Korea and Japan, we cannot but feel exposed to threat and will unavoidably have to take countermeasures. The United States is aware of what consequences would arise therefrom, better than anyone else.

Japan and others agreeing to the U.S. argument about the threat from North Korea will also have complex problems to be entailed by military confrontation between the DPRK and the United States. They must be mindful that in that case we are not to blame but that they themselves will be to blame.

U.S.-ROK 'Joint Air War Exercise' Reported

*SK1212044695 Pyongyang KCNA in English
0433 GMT 12 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The U.S. imperialists and the South Korean puppets held a joint air war exercise in the skies above Sangdong, Tokjok Islet and Anmyon Islet, South Korea, on December 7 and 8 with some 850 fighters of the U.S. Seventh Air Force and the puppet air force as well as scores of carrier-based planes and fighter-bombers from overseas bases, military sources said.

The South Korean puppets drove 35 military vehicles loaded with means of war into the western sector of the front on December 8. Heavy tanks of the puppet army fired some 80 shells, suddenly moving toward the Demilitarized Zone along the Military Demarcation Line in the western sector of the front on December 7.

105 mm and 155 mm artillery groups and hundreds of soldiers of the puppet army fired shells and bullets in

the western and central sectors of the front on December 7.

The bellicose U.S. imperialists and the Kim Yong-sam fascist group are working hard to find a way out of the serious government crisis in confrontation and war. But, they must act with discretion, mindful that it will precipitate their final destruction.

NEW YORK TIMES on ROK 'Abuses'

*SK1212083695 Pyongyang KCNA in English
0830 GMT 12 Dec 95*

[“NEW YORK TIMES on S. Korean Situation” — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — THE NEW YORK TIMES December 5 carried an editorial on the South Korean situation.

In less than a month, the Kim Yong-sam regime arrested Chon Tu-hwan and No Tae-u, notes the editorial, adding that Kim Yong-sam must not use it as a political shield for himself.

The South Korean people demand the malpractice and corruption during the long-drawn-out dictatorial rule be investigated, which prevents the present “government” from evading the responsibility for providing a fair trial, the editorial says.

It says “power” abuses in South Korea are not confined to “Chongwadae [presidential offices]” but are deeply rooted in the “government” and business groups.

Kim Yong-sam denied that he is involved in No Tae-u's slush fund scandal, but the “Democratic Liberal Party” admitted that it had accepted funds from No, the editorial notes, and says that Kim Yong-sam cannot place himself outside the control of law.

ROK Leaders Criticized for Military Exercises

*SK1112130695 Pyongyang Korean Central
Broadcasting Network in Korean
0853 GMT 11 Dec 95*

[Unattributed talk: “South Korean Warmongers Are Aggravating Confrontation”]

[FBIS Translated Text] Today, the South Korean puppets are continuously kicking off reckless military commotions by raving about the nonexistent threat from the North. The puppet traitor Kim Yong-sam stands at the van of this commotion.

As has already been reported, a few days ago the puppet traitor held a powder-reeking confab called the central combined defense conference and ordered the military

leaders to assume a war stance while babbling about the threat from the North and so forth.

Meanwhile, the puppet defense minister, convening a so-called meeting of major commanders of the entire armed forces, put forward the gibberish that the armed forces should immediately assume a stance to cope with the threat from the North and should undertake a winter-operation standing from December to April next year.

He has also recently announced that large field mobilization training will be staged next year, replacing the Team Spirit joint military exercise.

In addition, the puppet Joint Chiefs of Staff announced that army corps-level units will participate in this fire-playing war exercise, which will be conducted in the first half of next year like in the Team Spirit joint military exercise, talking about the promotion of the puppet army's independent operational capabilities.

On the other hand, the rascals stated that they will carry out a joint war exercise with the puppet army, navy, and air force along the east and west coastal areas on a regular basis in order to enhance the efficiency of field mobilization exercises.

Amid the bellicose absurd remarks and the playing of war fire, which takes place daily in the air, on the ground, and on the sea throughout South Korea, the puppets brought heavy weapons into the DMZ along the Military Demarcation Line, and repeatedly perpetrated acts of aggravating military tensions.

The Kim Yong-sam group frantically runs amok with anti-Republic confrontation maneuvers and war provocation commotions against us by continually spreading slanderous propaganda about threats from the North. This is a undisguised challenge and a provocation against us.

The so-called threat from the North, the threat of a southward war of aggression and so forth, is stereotypical propaganda designed to mislead public opinion at home and abroad, and was put forward by the South Korean puppets whenever the crisis in their rule was deepened.

As is known to all, with the conspiracy of the traitor No Tae-u's slush fund incident, the puppet traitor Kim Yong-sam is suffering an unprecedentedly serious crisis in his rule. It is the unanimous demand of the South Korean people that the traitor Kim Yong-sam, who conspired with the traitor No Tae-u in irregularities and fraud, should be immediately brought to the court of history for trial.

With a view to avoiding the South Korean people's glare of hatred directed against him, the puppet traitor

produced the drama of sending the traitors Chon Tu-hwan and No Tae-u to prison, took a step to formulate a special law on the 18 May 1980 Kwangju incident, changed the name of the Democratic Liberal Party, and so forth, thus resorting to various cunning tricks.

However, the situation is not advancing as the traitor Kim Yong-sam wished. Japan's NIHON KEIZAI SHIMBUN wrote that three major disturbances began to occur in South Korea, including the increased wavering within the ruling party prompted by the slush fund scandal, the increase in unrest in business circles, and the demoralization of the puppet army. The paper added that because of this, the traitor Kim Yong-sam's ruling crisis has been further deepened.

In order to escape such a crisis, the Kim Yong-sam puppet clique is scheming to infuse a sense of crisis into the people through shocking, slanderous propaganda that calls for a threat from the North, and to divert elsewhere the indignation of the South Korean people from all walks of life who are striving to overthrow the puppet clique for conspiring in the slush fund incident. Thus, the Kim Yong-sam puppet clique is attempting to settle its ruling crisis and to find a way out by provoking a northward war of aggression, together with outside forces.

However, it is a foolish act. This will only accelerate its own downfall. Our people have further heightened their vigilance against the reckless military moves by the bellicose Kim Yong-sam group, which is driven into a corner. Our people will never bestow benevolence on the enemy who is attempting to provoke us, but will retaliate against them a thousand times more. It will be good for the warmongers not to act recklessly.

Remarks on Proposed New Peace System Criticized
SK1112124095 Pyongyang Radio Pyongyang
in Korean to South Korea 0900 GMT 9 Dec 95

[Unattributed talk: "The Puppets Are Not Qualified To Interfere in the Establishment of the New Peace Guaranteeing System" from the "Hour for South Korean Armed Forces" program]

[FBIS Translated Text] Fellow officers and men of the South Korean Armed Forces, traitor Kim Yong-sam said recently that the parties concerned for establishing the so-called peace system is the South and North, and babbled that the South and North must work together to abide by the Armistice Agreement, carry out measures to establish the peace system, and so on. The so-called puppet National Unification Board minister once again babbled that the issue of establishing a peace system on the Korean peninsula must be resolved between the parties concerned of the South and North.

Such words and actions by the South Korean puppets are a presumptuous and reckless behavior who do not even know what their situation is. This is nothing but the aim to prevent the establishment of a solid peace guaranteeing system on the Korean peninsula and to misuse this as a disguise in realizing their insidious goal by maintaining the Armistice Agreement, which is little more than a mere name. The South Korean puppets do not have any qualifications and obligations to interfere in establishing the new peace guaranteeing system.

As is known, through the Foreign Ministry's 28 April statement in 1994, our Republic had proposed to the U.S. side to hold negotiations on establishing a new peace guaranteeing system that can prevent the increase of armed forces and the recurrence of war, and practically guarantee solid peace on the Korean peninsula. This is a very just proposal for negotiations, which was presented based on the legal and practical conditions that the actual party concerned that signed the Armistice Agreement was the United States and that the one holding military power in South Korea is the United States.

The great leader [suryong] Generalissimo Kim Il-song taught: The issue of changing the Armistice Agreement to the peace agreement must be resolved by the authorities of the DPRK and the United States who are the practical parties concerned who established the Armistice Agreement and who are the ones holding de facto power to guarantee peace in Korea.

As taught by the great leader [suryong], the issue of replacing the Armistice Agreement to the peace agreement must be resolved by us and the United States who are the actual parties concerned. The Korean Armistice Agreement was concluded by stipulating that we are the one side and the U.N. side is the other side of the Armistice Agreement. It is stipulated that this is applied only to the two armistice sides of Korea.

The South Korean puppets are not the U.N. forces and, therefore, they are not the other side of the Armistice Agreement. Moreover, when viewing historically, the South Korean puppets had persistently opposed the conclusion of the Armistice Agreement itself. The rascals did not even show up at the negotiating table for the full-scale meeting for the conclusion of the Armistice Agreement, and did not take part in the ceremony to sign the Armistice Agreement.

When looking at today's reality, the operational right of command of the South Korean puppet Army remains in the hands of the United States, and the whole world knows that the United States was in charge of and dealt with all issues that were raised in relations between the two sides of the Korean Armistice Committee over the past 40 years.

When looking at this from the viewpoint of international law, the issue of renewing and replacing a treaty and agreement concluded by the two parties concerned, is taken care of by the legal parties concerned. For South Korea to interfere in this issue, who is not even the party concerned of the Korean Armistice Agreement, who opposed it to the end, and who in reality cannot even exercise the military's prerogative of supreme command, is indeed preposterous.

The United States and South Korean puppets are trying to justify their unjust argument, claiming that South Korea has become the party concerned in the Armistice Agreement because a general of the puppet army has observed the Military Armistice Commission [MAC] meeting. However, on 15 July 1953, prior to the conclusion of the Armistice Agreement, the United States pledged to our side that the South Korean Government and military will be under the control of the Armistice Agreement and under the responsibility of the UN Command, and that the South Korean forces will strictly abide by the Armistice Agreement. From this aspect, a general of the South Korean puppet Army has observed the MAC meeting up until now.

Nevertheless, the South Korean puppets babble as if they have some kind of qualifications, though this is preposterous. The South Korean puppets indiscriminately pass around the sophistry that the United States is not the party concerned because it signed the Armistice Agreement as a representative of the United Nations, and that they are the party concerned in concluding a peace agreement in conformity with the North-South agreement.

The UN Command, which is the other party concerned in concluding the Korean Armistice Agreement, is a device created by using the name of the United Nations to justify the fact that the United States waged the Korean war. The UN Command, which has remained in South Korea from the 1950's up until now, was not decided upon by the United Nations, and is nothing but a disguise fabricated by the United States which made up the name themselves.

Today, the UN Command in South Korea is the U.S. Forces Command, and the UN forces are the U.S. forces. Therefore, as long as the U.S. forces continue to occupy South Korea, the United States is the legal party concerned in establishing a new peace guaranteeing system, and can avoid this.

Even a mere child knows that the South Korean puppets interfere in the establishing of a peace guaranteeing system, that they only complicate the situation and there is nothing for them to do. Therefore, issues the United

States and we must resolve to achieve solid peace on the Korean peninsula still remain.

If the establishment of a peace guaranteeing system is realized between us and the United States, this will provide the most solid and thorough peace guaranteeing system on the Korean peninsula, and will give positive influence to implementing the North-South agreement.

Nevertheless, the Kim Yong-sam ring, which is not the party concerned in the Armistice Agreement and which does not have the prerogative of supreme command of its military, threw away the North-South pledge of nonaggression and is trying to interfere with the establishment of a new peace guaranteeing system. This is indeed an act by a stupid fellow who does not have a correct view of the reality of the Korean peninsula and who does not know the situation.

If the South Korean puppets have even the slightest interest in the establishment of a peace guaranteeing system on the Korean peninsula, they must apologize before the nation for having ruptured the North-South dialogue and turning the North-South agreement into a mere scrap paper, and must create conditions to implement the North-South agreement.

The officers and men of the South Korean armed forces must correctly know the unjust nature of the antinational maneuver of the Kim Yong-sam puppet clique who is trying to interfere with the establishment of the new peace guaranteeing system. In addition, they must not aggravate the situation by being dragged along in the war exercise by following the rascal's order, but must vigorously move ahead along the patriotic road for the fatherland's reunification.

ROK Unification Minister's Remarks Derided

*SK1212045195 Pyongyang KCNA in English
0326 GMT 12 Dec 95*

["Ridiculous Utterances of Scared Thief Denounced" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — Puppet Unification Minister Na Ung-pae a few days ago told an official meeting that as "the North maintains a strategy of rejecting the South" it is difficult to hold dialogue between the authorities and as long as there is "no change in the stand of the North it is difficult to expect a progress in the inter-Korean relations as well".

Commenting on this, NODONG SINMUN today says that his ridiculous utterances were meant to groundlessly slander the fellow countrymen and further aggravate the confrontation between the North and South, which is the revelation of a cunning trick designed to conceal

the true colors as an accomplice in the current "slush fund scandal".

The analyst further says:

It is the Kim Yong-sam group that has blocked and frozen North-South dialogue, and is keeping inter-Korean relations from being improved.

His complaints of the rejection in the negotiations between the North and the South only go to prove the lament over themselves who have found themselves rejected in the North-South dialogue for their high treason against the country and nation.

His loud-mouthed "aid" to someone is certainly worth no more than a nonsense.

The puppets would be well-advised to think of themselves who have been deprived of qualifications for reunification dialogue the whole nation rather than taking issue with the North.

Talks Held Between DPRK, Swiss Party Members

*SK1212042995 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 9 Dec 95*

[FBIS Translated Text] Talks between the DPRK Social Democratic Party delegation and the Swiss Independents' Alliance Party delegation were held on 5 December at the Swiss parliamentary building. Members of the DPRK Social Democratic Party delegation led by its Central Committee Chairman Kim Pyong-sik, which is visiting Switzerland, and members of the Swiss Independents' Alliance Party delegation led by its Secretary Rudolph Hofer, participated in the talks.

DPRK Sends Greetings to ASEAN Meeting

*SK1212102795 Pyongyang KCNA in English
0837 GMT 12 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to the 5th meeting of ASEAN heads of government.

Extending warm congratulations and greetings to the heads of government and delegates of various countries to the meeting on the opening of the 5th meeting of ASEAN heads of government, the message said:

For nearly 3 decades since its foundation, the ASEAN has worked hard to secure the unity and all-round cooperation among the countries, convert Southeast Asia into a peaceful, free and neutral region and achieve peace, security and common prosperity of this region.

The enhanced unity and cooperation among the countries of Asia, which has now entered into a new stage of its development, will help to build a more peaceful and prosperous Asia.

The DPRK will continue as ever to develop the relations of friendship and cooperation with the member states of ASEAN in order to build a new Asia, independent and prosperous, in conformity with the idea of independence, peace and friendship.

The message expressed the conviction that the meeting will have a successful discussion on the agenda and bring about good results in conformity with the trend of the development at the present times.

DPRK Elected Member of UN Commission

*SK1212040795 Pyongyang KCNA in English
0311 GMT 12 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The DPRK was elected member of the United Nations Commission of Public Information with unanimous approval on December 6 at the plenary meeting of the 50th session of the U.N. General Assembly in New York.

Kim Chong-il Thanks Kangnyong Project Workers

*SK1212100795 Pyongyang KCNA in English
0833 GMT 12 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The great leader Comrade Kim Chong-il sent a message of thanks to the party members and other working people in South Hwanghae Province for their feats in the project of Kangnyong waterway.

In the message Comrade Kim Chong-il expressed satisfaction over the fact that they had successfully built Kangnyong waterway by making active efforts to tap resources available in the province.

The builders creditably finished the difficult and vast project of building a waterway tunnel extending thousands of metres, hundreds of irrigating facilities and structures and main waterway extending more than 40 kilometres.

The completion of the project makes it possible to irrigate thousands of hectares of rice fields in Kangnyong area and tideland- reclaimed fields on the west coast.

The province with a large ring-shape system with the River Taedong as the source, a river which has been dammed by the West Sea [Yellow Sea] Barrage, has turned into a leading agricultural producer of the country with the irrigation on the highest level.

The message of thanks from Comrade Kim Chong-il was conveyed and the waterway was opened with due ceremony on December 11.

Attaches Hold Poem Recital at Mount Paektu

*SK1212102595 Pyongyang KCNA in English
0819 GMT 12 Dec 95*

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — Military attaches of foreign embassies in Pyongyang made an excursion to the Mt. Paektu revolutionary battle site some time ago and held a poem recital meeting on the top of Mt. Paektu.

Ali Asghar Ghasemi, military attache of the Iranian Embassy, in a poem titled "Paektu Hears the Breathing of History" said that Comrade Kim Il-song, a brilliant commander of Paektu, won a great victory in the liberation of the country and led the country to independence, sovereignty and prosperity.

He said that today Comrade Kim Chong-il, who is the great successor to him, is glorifying his cause in the world, leading Korea and the world, and that the allied forces of imperialism become impotent before Comrade Kim Chong-il, the guide of the era of independence.

Bernard Cristian Braun Luy, military attache of the Peruvian Embassy, said that Mt. Paektu is a holy mountain of revolution and the highest peak of the world which deals a sledgehammer to the enemy and gives hope to the people.

Sergey Ivanovich Ishenko, deputy military attache of the Russian Embassy, noted that Mt. Paektu has become a beacon lighting the road of revolution since the sun of chuche and the lodestar rose.

Tran Thuc, military attache of the Vietnamese Embassy, in his poem headlined "Brilliant Native Home" said that the native home of the Mt. Paektu secret camp where General Kim Chong-il was born is shining in the minds of the world people as the highest and most brilliant holy place though it is a simple log cabin whose eaves are low.

Fulfillment of Red Flag Movement Tasks Urged

*SK1212044995 Pyongyang KCNA in English
0318 GMT 12 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The three-revolution standard-bearers of Korea are making firm determination to carry through the tasks set forth in the congratulatory message of the Central Committee of the Workers' Party of Korea

[WPK] to the participants in the second conference of forerunners of the three-revolution red flag movement.

Meetings were held for making determination to thoroughly fulfill the tasks at the Chonchon County Commercial Management Office of Chagang Province, farming workteam No.3 of the Chongsan Cooperative Farm in Kangso District, Nampo municipality, chair of political economy No. 1 of the economy faculty of Kim Il-song University, coal cutting workshop No.1 of pit No.3 of the Chonsong Youth Coal Mine in South Pyongan Province and other units which won the thrice three-revolution red flag.

The congratulatory message of the WPK Central Committee to the participants in the conference was conveyed at the meetings.

The speakers said that the great leader Comrade Kim Chong-il arranged the second conference of forerunners of the three-revolution red flag movement and showed deep solicitude so that they were awarded thrice three-revolution red flag.

They resolved to display the validity and vitality of the movement through practical activities in the future.

They said that all the three-revolution standard-bearers should hold the great leader Comrade Kim Il-song in high esteem as the sun of chuche for all ages and push ahead with the cause of modelling the whole of society on the chuche idea, remaining faithful to the idea and leadership of the party under the slogan "Let us defend the great leader Comrade Kim Chong-il at the cost of our lives and become forerunners in carrying out the three revolutions, ideological, technical and cultural, with the uplifted red flag of the revolution!"

Discussion on Workers Party as Mass Party

SK1212111095 *Pyongyang Korean Central Broadcasting Network in Korean*
0900 GMT 6 Dec 95

[Dialogue between Han Chae-pil, deputy head of a department, associate professor, and associate doctor at Kim Il-song High Party School, and station reporter An Ui-hyang from the "Rays of Chuche" program: "The Immortal Achievement That Has Built Our Party Into a Mass Party Which Has Deeply Taken Root Among the Broad Popular Masses"]

[FBIS Translated Text] [An] How are you?

[Han] How are you?

[An] In his classical work, "The Workers Party of Korea [WPK] Is the Great Leader Comrade Kim Il-song's Party," the great leader [yongdoja] Comrade Kim Chong-il elucidated that it is the respected and beloved

leader Comrade Kim Il-song's immortal achievement that our party has been built into a mass party which has deeply taken root among the broad popular masses. During this hour, I would like to discuss this matter. The line of building a mass party is a chuche-oriented party building line, isn't it?

[Han] You are right. The great leader [yongdoja] Comrade Kim Chong-il has indicated that the great leader Comrade Kim Il-song has built our party into a mass party which has deeply taken root among the broad popular masses. The theory of building a mass party expounded by the great leader [suryong] is based on the theory that the master of the revolution and construction is precisely the popular masses and that the driving force of the revolution and construction also comes from the popular masses.

This theory enables the working class' party to take root deeply among the masses and to perform revolution and construction, being united together with the masses.

[An] I think that the theory on building a mass party is even in complete accord with the inevitable demand in the working class' party building.

[Han] I agree with you. In the past, a party was considered a class political organization which represents and protects the interests of specific classes, and a weapon for class struggle.

A party is a class vanguard which struggles to realize the demand and aspiration of specific classes. However, when a party is built as a party for specific classes, it can neither perform the duty as a revolutionary party nor win support from the masses.

The theory on building a mass party expounded by the great leader [suryong] correctly reflects the basic interests of the working masses of people, including the working class, and the demand of the era of independence. It is also a most correct line which has proceeded from our country's specific situation.

Based on the line of building a mass party, the great leader [suryong] built a chuche-oriented revolutionary party with the advanced elements, including workers, peasants, and working intellectuals and, thus, created the brilliant model of building a mass party.

It is the great leader Comrade Kim Il-song's most brilliant achievement that an invincible revolutionary party, in which the party and the masses are firmly united together, has been built for the first time in the history of party building.

[An] In his classical work, the great leader [yongdoja] Comrade Kim Chong-il elucidated the great leader

Comrade Kim Il-song's presentation of the line of building a mass party for the first time in history and his wise leadership in brilliantly realizing the line. What do you say?

[Han] That's right. The wisdom of the great leader's [suryong] leadership in building a mass party lies in the fact that he saw to it that first of all, the party accepted the advanced elements of workers, peasants, and working intellectuals. Only when the working class' party accepts the broad advanced elements of workers, peasants, and working intellectuals can it perform its duty as the vanguard which represents the interests of the broad popular masses.

After liberation, the respected and beloved leader Comrade Kim Il-song presented the policy of developing the Communist Party into a mass party for the working people in conformity with the demand of the situation at that time and with the demand of the developing party itself, and brilliantly realized the policy. Thus, our party came to be strengthened and developed into a mass party, which was organized with the advanced elements of workers, peasants, and working intellectuals.

The hammer, sickle, and brush engraved on the Tower of the Party's Founding Anniversary, which is erected high in Pyongyang as the memorial tower of the times today, symbolize the revolutionary character of our party which is composed of not only the working class, but also peasants and intellectuals.

By thoroughly implementing the line of building a mass party thanks to the great leader's [suryong] wise leadership, our party has been able to be strengthened and developed into a party which takes root deeply among the masses and which forms firm unity with the masses.

[An] Indeed, our party has been strengthened and developed into an invincible party which has deeply taken root among the broad masses and which has been firmly united with the masses. I think this is a mighty demonstration of the vitality of the line of building a mass party.

[Han] That's right. Right after liberation, the great leader [suryong] built our party into a mass party in a timely manner. As a result, he made it possible to accelerate the construction of a new fatherland by preventing a split among the working masses of people and by firmly rallying workers, peasants, and working intellectuals into a political force even under the difficult circumstance in which the imperialists and their stooges were viciously perpetrating the maneuvers of split, destruction, and sabotage, as well as reactionary offensives. Even under the circumstance in which there was

a complex composition of residents due to the Japanese imperialists' colonial rule, the country's division, and the three-year-long war, it was also possible to firmly rally all the people around the party and the leader [suryong], to build the most superior popular mass-centered socialism of our own style through the united strength of the popular masses, and to constantly create miracles and innovations in socialist construction.

Even today, the imperialists are still frantically waging a new war provocation maneuvers against our Republic and anti-Republic commotions. However, all the people are firmly safeguarding and defending our cause of socialism and consummating it by firmly uniting as one mind around the party and the leader [suryong] without the slightest degree of faltering. This is a brilliant success resulted from the fact that our party has been strengthened and developed into an invincible party through the thorough implementation of the policy on building a mass party.

[An] I think that the wisdom of the great leader's [suryong] leadership in building a mass party lies in the fact that our party has firmly adhered to its working class and revolutionary character by correctly combining the party ranks' quantitative expansion and qualitative consolidation. What do you think of this?

[Han] I agree with you. The building of the party into a mass party should not weaken or change the party's revolutionary and working class character. The party's class character is defined by its guiding ideology and by the purpose of its struggle. The party's revolutionary ethos should be demonstrated by the political and ideological (?level) of party members who form the party.

The great leader [suryong] consistently and correctly combined the party's quantitative expansion and its qualitative consolidation in implementing the line of building a mass party. In particular, the great leader [suryong] saw to it that party ranks were firmly built organizationally, that functionaries and party members were indoctrinated ideologically, and that the function and role of party organizations were enhanced. Along with this, the great leader [suryong] saw to it that the party's expansion work was regularly conducted under the principle of the party and the working class so that the advanced elements of workers, peasants, and working intellectuals could enter the party.

Because of such a leadership of the great leader [suryong], our party has been able to be constantly expanded and strengthened into a mass party while firmly adhering to the party's working class character, revolutionary character.

[An] Recalling the party building history of the working class, we can see the tragic fact that the working class' party was driven out of power and was destroyed organizationally and ideologically because it failed to correctly combine party ranks' quantitative expansion and its qualitative consolidation in building a mass party.

[Han] You are right. Some countries which were engaged in socialist construction in the past failed to build their party into a mass party in conformity with the inevitable demands of building the working class' party. In these countries, due to the modern revisionists' maneuvers, the party refused its working class character, established a theory on all-people's party, failed to pay due attention to its qualitative consolidation even when its quantitative expansion was guaranteed, received all persons en masse into the party without paying due attention to its qualitative consolidation, and failed to properly conduct indoctrination work for them. As a result, not a small number of party members deserted the party when it underwent trials. We cannot say such a party is a genuine mass party no matter how many members it has.

[An] That's right.

[Han] In addition, since modern social democrats [hyon-dae sahoe minjujuwija] accepted the bourgeois multi-party system, the working masses of people in these countries have lost their guiding center. The working masses of people in these countries have become an unorganized multitude [pijojik kunjung], dispute and discord between nations and between regions have become acute, and the society has been utterly disunited. All of this clearly shows that when the working class' party fails to be built into a genuine mass party, it will lose the position as the leading political organization, be isolated from the masses, and seriously affect the aftermath of the revolution and construction.

[An] Indeed, the ideology and theory expounded by the great leader [yongdoja] Comrade Kim Chong-il in his classical work, "The WPK Is the Great Leader Comrade Kim Il-song's Party," are the militant banner which makes it possible to strengthen the party and vigorously accelerate the revolution and construction with the might of the unity between the party and the masses.

[Han] That's right.

[An] Let us stop here for today. Thank you.

Report on Edible Epilithic Mushroom

SK1212100295 *Pyongyang KCNA in English*
0828 GMT 12 Dec 95

[FBIS Transcribed Text] Pyongyang, December 12 (KCNA) — The epilithic mushroom is widely known as a speciality of Mt. Kumgang, a famous mountain of Korea.

The mushroom is a perennial plant that grows on rocks in deep valleys of Mt. Kumgang over 500 metres high above sea level.

It is propagated by spore-fungus like other mushrooms.

It grows on moist rocks in September and October when it rains.

It thinly covers the surface of rocks like lichen.

Its upside is dark grey and its underside is green.

It turns into white in water.

It is peculiar in taste and odour and has an anti-cancer ingredient.

Among edible mushrooms including the armillaria, lentinus adodes and agaric, the epilithic mushroom is rare for its special shape.

100 odd year-old epilithic mushrooms can be found on Mt. Kumgang.

South Korea

Prosecutors Obtain Evidence on F-16 Scandal

SK1112030995 *Seoul THE KOREA TIMES in English*
11 Dec 95 p 3

[FBIS Transcribed Text] State prosecutors have evidence that Kim Chong-hwi, ex-presidential secretary for former president No Tae-u, tried to pressure the Air Force into recommending the F-16 together with the FA-18 as a candidate for its future main fighter in 1989 despite the Air Force's decision to recommend only the latter based on the results of its years of evaluation of both.

According to the Supreme Public Prosecutor's Office (SPPO) yesterday, former Air Force chief of staff Chong Yong-hu said the Air Force was pressured during questioning on the reasons why the multi-billion-dollar Korea Fighter Program switched from the McDonnell Douglas FA-18 to the General Dynamics F-16 in 1991.

A key witness in connection with the allegation that No received money in return for making the switch, Chong was called in Saturday morning and returned home in the evening the same day.

"Before I presented the McDonnell Douglas aircraft as the Air Force's choice to then-president No, Kim, No's secretary for diplomatic and security affairs, told me about the strong points of the F-16 and asked me to recommend it together with the FA-18 to Chongwadae at a meeting he arranged at a Seoul hotel in November 1989," Chong was quoted by prosecutors as saying during questioning.

Chong told prosecutors, "Kim suggested to me that I would curry favor with President No if I did as I was told and included the F-16 in my recommendation."

The SPPO said that Chong refused to follow Kim's suggestion and went ahead with his original recommendation of the FA-18. "On Aug. 19, 1990, then-Defense Minister Yi Sang-hun told me that president No wanted me to resign and, five days later, on Aug. 24, I was forced to enter a military hospital and leave the service," prosecutors quoted him as saying.

Meanwhile, the U.S. State Department has declined to comment on the ongoing investigation of the switch and the dubious circumstances under which it took place.

Editorial Urges Signing of Extradition Agreement

SK0912083795 Seoul SEOUL SINMUN in Korean
8 Dec 95 p 3

[Editorial: "ROK-U.S. Criminal Extradition Agreement Should Be Signed Immediately"]

[FBIS Translated Text] On 11 December, the ROK and the United States will hold negotiations in Seoul to discuss the signing of the ROK-U.S. criminal extradition agreement. We expect this agreement to be signed immediately.

This will attract more attention than usual because the issue of summoning Kim Chong-hwi, former senior secretary for diplomacy and security for ex-President No Tae-u — who is reluctant to return home from the United States as regards the rumors that he received bribes in changing the types of next-generation fighters — has been raised. In particular, it is highly probable that an agreement will be signed during the upcoming negotiations because they will be held after the issues on crimes subjected to the treaty and how to coordinate differences between the ROK-U.S. relevant legal systems — which had been the focus of attention of the two countries following the first round of negotiations held in Washington in June of 1994 — have been resolved.

Also, the two countries have agreed to apply the "Principle of Bilateral Punishment," which indicates that only criminals who are commonly recognized as such by both countries can be extradited.

As a result of the rapid increase in the exchange of people and material between the ROK and the United States, the two countries have felt the need to sign the criminal extradition agreement for a long time. However, due to the difference in opinions between the two countries as regards the issue of handling political prisoners, they have so far failed to sign the agreement. Now, the United States keenly feels the need for the criminal extradition agreement because of drug-related and terrorism problems. Therefore, it is likely that the agreement will be signed.

Availing ourselves of this opportunity, we call upon the United States to take steps to make the criminal law cooperation agreement — which has not yet been implemented due to the delay in being ratified by the U.S. Congress, even though it was signed in 1993 between the two countries — become effective as soon as possible.

We have already signed a criminal extradition agreement with three other countries, namely Australia, Canada, and Spain. Furthermore, we have signed agreements with seven other countries, including the Philippines, although they have not yet been implemented. In addition, we have signed criminal law cooperation agreement with Australia and Canada. This agreement has already been signed. We have also signed this agreement with the United States and France.

It is very regrettable that the jurisdiction of the cooperation system has not been established yet between the ROK and the United States and between the ROK and Japan, two countries with which we are exchanging a lot of people and materials. The two countries should now solve the problems satisfactorily. The boundaries of the world have already become within 24-hour reach. Not only information, but even criminals travel easily within this small world. It is anachronistic that the jurisdiction cooperation system has not yet been established between the states, ignoring the trends of such an era. We repeatedly call for the early signing of the criminal extradition agreement.

Dailies View Infiltrator's News Conference

SK1112081195

[FBIS Editorial Report] Local vernacular dailies on 11 December carry an editorial and an article commenting on the recent live news conference given on 8 December by Kim Tong-sik, the North Korean armed agent who was captured by the ROK in Puyo, South Chungchong Province, on 24 October.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "An Armed Agent

Contacts Political Circles." The editorial begins: "We are astonished that the armed North Korean agent who was captured in Puyo met with dissident figures and politicians, identifying himself as a 'liaison who from the North' and inviting them 'to join the reform and reunification movement.'" The editorial notes that of the seven figures the North Korean agent contacted, two did not report their contact with the North Korean agent; the Agency for National Security Planning [NSP] arrested and indicted them. The editorial also notes that the North Korean agent said he was confident those whom he contacted and identified himself to as a North Korean agent would not report it to the authorities, and that in some cases such a tactic worked.

The editorial stresses: "Above all, police should find out who the politicians were whom Kim Tong-sik contacted and disclosed his identity to. Of course, care should be taken so that the innocence or guilt of the person is precisely determined in a manner befitting a law-abiding state. Leading circles should also seriously ponder the problems of our society by which a North Korean agent was convinced 'they will not report their contact with him to the authorities.'"

The editorial concludes: "To activate the ROK's civil society should be the correct concept of being 'progressive'; not reporting the North Korean spy to the authorities should not be regarded as 'progressive.' This is an essential proposition to maintain the democratization and reform of our society."

The left-leaning HANGYORE SINMUN carries on page 2 a 500-word article by reporter Pak Chong-saeng entitled "The Hidden Scheme in the Live Coverage of the Agent's News Conference." The article questions the objective of the NSP in showing live coverage of the news conference, observing "no one is sure how much of Kim Tong-sik's words are true," adding: "Under the circumstances, the NSP must have intentionally shown the live coverage of the news conference. With the live coverage, Pak Chung-yol, Kim Tae-nyon, and Ho In-hoe were branded as spies even before they had a trial. Even if their innocence should be proven later, the impression made about them on television will not disappear easily." The article concludes: "The question is that this unfair attitude by the NSP invites the people's distrust of NSP investigations."

North Korean Family Defects via Europe

SK1212101995 Seoul YONHAP in English
1012 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — A North Korean financial expert posted to Europe

arrived in Seoul Tuesday afternoon along with his wife and two children.

The Agency for National Security Planning [NSP] reported that Choe Se-yong, age 34, and his family were allowed into South Korea after he and his wife sought asylum in the South at a South Korean mission in Europe.

Choe had been a leading North Korean foreign exchange dealer posted to Europe, and his wife, Sin Yong-hui, visited Seoul as a dancer-member of the North Korean art troupe during the South-North exchange of art troupes and hometown visitors in September 1985.

The report said Choe and his wife resolved to defect to the South as their long stay in the capitalist society led them to be fed up with the North Korean system.

Choe's father, Choe Hi-pyok, was once director of the Workers' Party Finance and Accounting Department and an alternate member of the party Central Committee, the agency said.

Seoul Denies DPRK Military's Use of Rice Aid

SK1112090095 Seoul YONHAP in English
0847 GMT 11 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 11 (YONHAP) — The National Unification Ministry dismissed as untrue the Japanese news report that North Korea has reserved for military use the rice South Korea and Japan provided as aid.

Spokesman Kim Kyong-ung said that Seoul had provided to North Korea completely white hulled rice, which cannot be stored for long periods of time.

The rice, which the South had shipped to the North last summer, will spoil after being stored for more than six months and thus cannot be used as military rations after that period of time, he explained.

UN: N. Korean People on 'Verge of Starvation'

SK1212014195 Seoul KBS-1 Radio Network
in Korean 2100 GMT 11 Dec 95

[FBIS Translated Text] A high-ranking UN official has revealed that since North Korea suffered from an extensive flooding last summer, its food situation has been greatly aggravated, thus, its people are on the verge of starvation.

Through a telephone conversion from Pyongyang, Mr. (Page), head of the World Food Program delegation dispatched to North Korea, said that signs can be seen in various places that the North Korean people are on the verge of starvation. He said that the amount of

food aid given to North Korea can feed 360,000 North Koreans out of its total population of 2.3 million people for three weeks. Therefore, the food situation is very difficult. He pointed out that, in particular, the situation of undernourished children is serious.

Mr. (Page) also said that there are food shortages even in Pyongyang, and expressed his concern that if no further food aid is given to North Korea, some people will die from starvation.

Red Cross Sends 3,000 Blankets to DPRK

SK1212121295 Seoul YONHAP in English
1201 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — The South Korean National Red Cross (KNRC) has recently sent 3,000 blankets to North Korea as the second shipment of its flood relief goods, the Red Cross reported Tuesday.

The KNRC said the second batch of blankets was shipped to the Nampo Harbor of North Korea on last Saturday [9 December]. The Red Cross delivered 5,000 blankets to the North on last Nov. 23.

The report said that it had so far received 156,260,000 won in contributions for North Korean flood victims, of which 125,360,000 won was used in purchasing blankets.

Shipping and other expenses related to the delivery, which totaled 66 million won, were met with the Korean Red Cross's own funds.

The blankets sent to the North were turned over to the representatives of the International Federation of Red Cross and Red Crescent in the North for distribution to flood victims.

The Red Cross said it continues receiving contributions from citizens and organizations, adding that the relief goods it can receive for flood victims in the North will be limited to those specified by North Korea or the International Red Cross Federation.

DPRK Using N-S Tension To Maintain System

SK1112063795 Seoul MUNHWA ILBO in Korean
11 Dec 95 p 2

[FBIS Translated Text] Na Ung-pae, deputy prime minister and national unification minister, mentioned on 11 December the government's policy to not promote South-North dialogue for the time being. He said: "As long as North Korea avoids dialogue between the South and North Korean authorities and thoroughly adheres to a strategy of using tense South-North relations to

maintain its system, our efforts for reconciliation and cooperation cannot but face limits."

During a luncheon meeting of the Advisory Council for Democratic and Peaceful Reunification convened by President Kim Yong-sam at Chongwadae [presidential offices] on 11 December, Deputy Prime Minister Na delivered a report titled "The Recent Situation of South-North Relations and the Direction of Our Reunification Policy." In the report, he stated: "What is necessary to improve South-North relations and reunify the country is not unilateral efforts from us, but corresponding efforts from North Korea."

DPRK Holds Investment Presentation

SK0912032095 Seoul YONHAP in English
0239 GMT 9 Dec 95

[FBIS Transcribed Text] New York, Dec. 8 (YONHAP) — An investment presentation of North Korea's Najin-Sonbong Free Economy and Trade Zone was held Friday at the Hilton Hotel in Fort Lee, New Jersey, with ranking North Korean officials, including Kim Chong-u, chief of the Area's External Economic Commission, and some 50 ethnic Koreans residing here attending.

A total of 28 foreign businesses have made contracts valued at 266 million U.S. dollars to invest in the special economic bloc thus far, and 20 million dollars of the projected total have thus far been put up, North Korean officials said.

Since the Najin and Sonbong areas were declared free economic sectors in December 1991, the officials explained, Pyongyang has mapped out related laws pertaining to trade zones, land leasing, foreign exchange, and taxes to protect foreign investors.

They added both joint-venture and independent investments are allowed in the economic area.

According to its development plan for the area, North Korea will complete the first stage of modernizing infrastructure in the region by the year 2000, with the second stage slated for completion in 2010, they noted.

Editorial Expresses Concern Over Security

SK1012091995 Seoul CHUNGANG ILBO in Korean
10 Dec 95 p 4

[Editorial: "Is There Any Blind Spot in Our Security Posture?"]

[FBIS Translated Text] While the ROK people are paying all their attention to settling the accounts of the past, some people voice their concern over state affairs. They are concerned about whether using all the energy on one issue would jeopardize other social areas, and

whether some important matters are being ignored. One of the concerns is the ROK people's loss of interest in North Korea in the past few months. People do not seem to care much that North Korean forces are in a forward disposition and were reinforced near the DMZ, or that armed spies are coming in and out of the South.

In the short time we launched the work to settle the past, there were a number of news reports warning of North Korea's unusual military moves. Ranking U.S. Defense Department officials and military leaders warned of North Korea's military threat, and some people worried about the ROK's defense posture.

Actually, the ROK defense authorities did know about it and announced North Korea's unusual military moves. The defense authorities revealed that the flood-stricken North Korea has increased the frequency of military exercises, has deployed fighter planes to the front, and reinforced its long-range attack and rear infiltration capabilities.

In addition, there have been two armed spy cases. The remarks of Kim Tong-sik, the armed agent captured in Puyo, are shocking. He said during the several months he stayed in South Korea in 1990, he had no difficulty going through the loose check points. He also said that it was easy to win over supporters to the North side. His remarks show that the relevant authorities' security system against North Korea is loose and that the general public's alertness against North Korea is lax.

Many experts predict that North Korea may intentionally heighten military tensions on the Korean peninsula to dilute economic difficulties. It is also noteworthy that the North Korean military leaders after the recent reshuffle are conservative hard-liners who caused military tensions through the 21 January incident and the Pueblo ship incident. We should not forget that the correction of history should be preceded by a thorough security posture.

Paper Profiles DPRK Vice President Pak

*SK1112084295 Seoul HANGUK ILBO in Korean
11 Dec 95 p 13*

[Article by Min Pyong-yong, fellow at the HANGUK ILBO Reunification Institute]

[FBIS Translated Text] North Korean Vice President Pak Song-chol, 83, is representative of those former anti-Japanese partisans who has long survived within the center of the North Korean regime, ranking third within the Workers Party of Korea (WPK) hierarchy. His political activities are solely diplomatic affairs, receiving the credentials of foreign envoys and conveying Kim Chong-il's greetings to them.

Pak secretly visited Seoul in May 1972 as North Korea's special envoy to the South-North Coordination Committee, and he formulated the 4 July South-North Joint Declaration. Because of this, we are familiar with him.

Pak attended the summit talks of the nonaligned nations held in Colombia in October, and during the central report meeting to mark the 50th anniversary of national liberation, he delivered the report of loyalty that read: "Let us vigorously fight to enrich our country, our fatherland, the great leader's country."

He is one of the most meritorious retainers to contribute to building Kim Il-song's unitary ideological system and the WPK's unitary control system following the establishment of the North Korea regime. He married Kim Il-song's cousin, thus becoming a relative.

Pak is member of the Political Bureau of WPK Central Committee, a member of the Central People's Committee, a deputy of the Supreme People's Assembly, and chairman of the Democratic Front for the Reunification of the Fatherland.

Pak was born in North Hamgyong Province in 1912, the same year Kim Il-song was born. Rumor has it that Pak graduated from Japan's Jochi University and worked for the Communist Party of Japan. He joined the anti-Japanese guerrilla unit led by Kim Il-song in East Manchuria in 1936, hid in Russia, and returned to North Korea upon national liberation. He played an important role in founding the North Korean Army, and participated in the Korean war as the commander of the 15th Division. He was promoted to lieutenant general right after the cease fire, and retired from military life as chief of the National Security Ministry Intelligence Bureau.

In 1954, he entered the diplomatic world as DPRK ambassador to Bulgaria. Pak served as minister of foreign affairs (1959-1970), vice prime minister, and prime minister until being elected as vice president in 1977, a position he still holds. He has actively carried out diplomatic activities with nonaligned nations, and reportedly made a great contribution to the country's reconstruction following the war by successfully receiving economic assistance from foreign countries.

Pak is taller than normal, a little fat, and offers a nonmalicious and moderate impression. He is known as being mild and smooth in his personal relations with others.

For the time being, Pak will continue to play the role of a diplomatic supporter of the Kim Chong-il system as a key member of the anti-Japanese partisan generation. He was the first high-level North Korean official to

visit Chongwadae [presidential offices], and is called a "living witness to North Korean history."

Japan's LDP Urges Cooperation With DPRK

SK1212110595 Seoul HANGUK ILBO in Korean
12 Dec 95 p 1

[By Hwang Yong-sik from Tokyo]

[FBIS Translated Text] Japan's SANKEI SHIMBUN reported on 11 December that Kato Koichi, secretary general of the Japanese Liberal Democratic Party, stated the need for Japanese-North Korean defense cooperation, arousing a controversy. In a lecture given in Tokyo that day regarding the Northeast Asian situation, Secretary General Kato stated that "the United States feels a threat from North Korea and the future PRC," and that "I also feel this way." He added that "if Japanese and North Korean defense officials exchange visits and show their military bases to each other, a third of the Japanese defense budget will be reduced," and the "U.S. military bases in Okinawa will be cut back as well."

PRC Opposes 'Use of Force' on Peninsula

SK1112085495 Seoul YONHAP in English
0845 GMT 11 Dec 95

[FBIS Transcribed Text] Beijing, Dec. 11 (YONHAP) — China opposes any use of force in settling disputes on the Korean peninsula in any case and instead supports resolving conflicts through direct inter-Korean talks, Chinese Vice Foreign Minister Wang Yingfang said Monday.

"What we are trying to pursue on the Korean peninsula is maintaining peace and stability," Wang said, "I believe this is consistent with the wishes of China and South and North Korea."

The minister spoke to a group of Korean reporters in Beijing who, at the invitation of the Chinese Foreign Ministry, were attending an annual exchange program for journalists covering the Foreign Ministry of each country.

Despite evading the question of whether China will commit itself militarily in the event of a war breaking out on the Korean peninsula, Wang, the second highest-ranking official in his department, replied "I wish such a hypothesis will not become a reality."

Asserting that his nation has always tried to maintain peaceful coexistence with its neighboring countries, he said that China's basic policy in the region is to protect peace and stability.

Wang said that the issue of the American military presence on the Korean peninsula should be dealt with

through direct talks between Seoul and Washington, although Beijing has always opposed the deployment of armed forces by one country in another.

Stressing that China has not stationed any of its troops in another country in accordance with that principle, he said that his government would not intervene in the internal affairs of other nations by demanding withdrawal of American forces from the area.

On South Korean Pastor An Sung-u, who Seoul alleges was kidnapped to North Korea from the northeastern Chinese Province of Yanbian last July, Wang said that his government has yet to gather enough information and proof to reach a conclusion on the alleged abduction case.

"This is a very sensitive case and, thus, we need to handle the case in a serious manner by collecting more information and proof before wrapping up the case," he said.

Wang added, "I hope my country's law enforcement authorities can produce results in its investigation into the An case as soon as possible."

Noting that the An case occurred in Chinese territory and involved citizens from both South and North Korea, he assured that the case will be dealt with strictly in accordance with relevant Chinese laws.

'No Response Yet' to Aid Proposal for DPRK

SK1212043995 Seoul CHUNGANG ILBO in Korean
12 Dec 95 p 2

[FBIS Translated Text] It has been learned that regardless of its serious food shortage, North Korea is continuing to keep silent over China's proposal for food aid. According to a diplomatic source well-versed in Chinese affairs on 11 December, since North Korea had not requested food aid in spite of its serious food shortage, the Chinese Government recently conveyed to North Korea that it would provide food assistance to North Korea if it wants. However, there has been no response yet regarding this matter.

Beijing Proposes Aircraft Assembly Lines

SK1112112995 Seoul YONHAP in English
1108 GMT 11 Dec 95

[FBIS Transcribed Text] Beijing, Dec. 11 (YONHAP) — China recently proposed that both South Korea and China have aircraft assembly lines in the proposed joint Korea-China venture for the production of medium-size aircraft so that the two countries can meet their respective domestic needs, a senior Chinese official in charge of the joint scheme said Monday.

Bai Rongchun, deputy director of Bureau of Economic Policy and Coordination at the State Economic and Trade Commission, said that the offer is to provide a breakthrough in the deadlock over the issue of which country would have the assembly line.

The suggestion was made to South Korean International Trade and Industry Minister Pak Chae-yun, Bai said.

South Korea has maintained that it should have the assembly line on its soil at the stage of mass production with China having manufacturing facilities at the experimental stage.

"We proposed that China have assembly line in China at the experimental stage and both South Korea and China build their assembly lines on their soils at the mass production stage to meet their respective demands," he said.

Bai also said that South Korea and China should conclude talks on the launch of the joint venture for the production of 100-seat aircraft at the talks slated for Dec. 18-19 in Beijing, adding that 10 more months have already lapsed than the schedule originally planned in launching the venture.

Stressing that the medium-size aircraft market will be lucrative in the coming decades, he said the costly project can proceed smoothly only when both countries are sure of profits from the undertaking.

Director Bai dismissed the possibility that China will allow South Korean motor companies to build factories for production of complete sets of vehicles in China.

But, he added that Korea's Daewoo and the Chinese authorities are discussing setting up parts plants in China.

He also denied the reports that South Korea will be allowed to participate in the construction of nuclear power plants in China, saying that China has no immediate plan to greatly expand its nuclear energy facilities.

"Our hydro and thermal power plants can meet electricity needs in the country," he said. "Besides, South Korea's nuclear energy system does not fit into China's."

Bai's remarks starkly contrast with the predictions made by South Korea's Ambassador to China Hwang Pyong-tae made on a few occasions that South Korea and China are reaching an agreement on Korea's participation in a large portion of China's nuclear power projects.

82 Korean-Chinese Attempt To Immigrate Illegally

*SK1212110495 Seoul YONHAP in English
1005 GMT 12 Dec 95*

[FBIS Transcribed Text] Kwangju, Dec. 12 (YONHAP) — A group of 82 Chinese of Korean ancestry illegally landed ashore on the southwest coast last Sunday [10 December] night to get "high-paying" jobs in Korea and four of them were arrested, an immigration office source here said Tuesday.

Preliminary investigation showed that the group left Dalian, China early Sunday morning aboard a 60-ton wooden vessel and reached the shore of Toyang-up, Kohung County of South Cholla Province around 11 PM [1400 GMT] Sunday.

Their stowaway was arranged by Korean and Chinese brokers, and one of the Korean ring members, Kim Chong-kap of Seoul, was arrested, the source said.

The four, all of them from Heilongjiang Province in northeastern China, were rounded up Monday evening at the Golden-gak Hotel in Suchon where they were trying to stay. The 78 others had fled away.

The stowaways were to pay 50,000 yuan (5 million won) [US\$6700] each to the Chinese organizer once they successfully landed on Korea, according to the source.

ROK, French Vice Ministers Discuss Cooperation

*SK0912062095 Seoul YONHAP in English
0417 GMT 9 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP) — France reaffirmed its will to support, and provide technical assistance to, the Korean Peninsula Energy Development Organization (KEDO) in a France-Korea policy consultation meeting Thursday, an official at the Foreign Ministry said Saturday.

At the sixth consultative meeting in Paris, visiting Korean Vice Minister Yi Si-yong and his French counterpart Berterand Dufourcq [name as received] agreed that their countries closely cooperate with each other through the United Nations and the international community onward, the official said.

In addition, the two officials discussed ways to cooperate in the Asia-Europe meeting (ASEM) slated for next year in Bangkok, the source noted.

Yi and Dufourcq also exchanged opinions on the situation of the Korean peninsula and its relevance to the world at the meeting, the source added.

Kim Views Reunification Requirements

*SK1112063895 Seoul YONHAP in English
0545 GMT 11 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 11 (YONHAP) — President Kim Yong-sam said Monday that economic power and morality are prerequisites for achieving national unification.

At a luncheon address to members of the Advisory Council on democratic and peaceful unification, the chief executive said, "When we have built up economic power and morality that is strong enough to embrace North Korea amid firm security posture, the way will be open to unification."

Kim Myong-yun, senior vice chairman of the council, presided over the council function at Sejong Cultural Center in central Seoul.

As for the country's unification policy, the president said that it basically calls for promoting the co-existence and co-prosperity of the two Koreas by encouraging the North to change and open itself, and for the eventual establishment of a unified democratic welfare state.

In preparation for unification which he said will come not in the far future, Kim stated, "We must foster our capabilities, uproot our chronic social evils and build a clean and healthy society."

"This will provide us with a motive force with which we can overcome any challenge or ordeal that we'll meet in the process of achieving unification," he added.

With Pyongyang, despite the near-collapse of its economy, continues [as received] to reinforce its military exercises and deploy fighters and bombers in positions of possible advance near the Demilitarized Zone, the head of state noted, "our government and military are fully capable of preserving our freedom and peace."

Kim Addresses Advisory Council on Unification

*SK1212082995 Seoul CHOSON ILBO in Korean
12 Dec 95 p 10*

["Summary" of speech by President Kim Yong-sam at a luncheon meeting with members of the Advisory Council on Democratic and Peaceful Unification in Seoul on 11 December]

[FBIS Translated Text] Upon the news that North Korea was facing serious food shortage, we unconditionally provided North Korea with 150,000 tonnes of rice. At the third Beijing talks, North Korea nearly begged us and promised that it would return the crewmen of the Usong boat if we deliver all 150,000 tonnes of rice. Another important promise was that North Korea would suspend anti-ROK broadcast programs, which have been

on the air 14 to 15 hours a day. This promise is also broken. The name Kim Yong-sam has been broadcast 130 times during the 14 to 15 hours; and most of the contents maligned me. Previous regimes had much to fear because they had many weaknesses, but the civilian government is stout. This is why North Korea is concentrating on slandering the morality of the civilian government.

We will and must achieve reunification, but should defy fantasy theories of reunification. The coming year is critical. We should be alert against North Korea. North Korea has deployed nearly 100 aircraft to three bases in the forefront. They are able to reach Seoul in five minutes. North Korea started to deploy heavy weapons in the front on 11 October and did not remove them for over two months. One and a half years have passed since Kim Il-song died, but there is no successor. This means that the military has taken power. The military is doing everything as it wishes. North Korea is starving, poor, and lacks energy. Pyongyang is as dark as pitch at night because all lights are out. North Korea is a tightly closed society, not knowing what is going on in South Korea and in the international community.

North Korea is like a broken plane in the air. No one knows where it is heading. It will be lucky if the broken plane lands smoothly, but many people will be killed if it crashes into Seoul. North Korea has stopped slandering Japan and the United States, but is slandering only us. It appears that North Korea is trying to unite its people, using us as a potential enemy. Nevertheless, it is a problem that there are still people among us who listen to the [North Korean] clandestine radio.

Kim Releases Statement on 12 Dec Anniversary

*SK1212012695 Seoul KBS-1 Radio Network
in Korean 0000 GMT 12 Dec 95*

[FBIS Translated Text] President Kim Yong-sam released a public statement today on the 16th anniversary of the 12 December incident. He stressed that straightening history is a huge task for the future and hoped for all the people's support for the enactment of the 18 May special law during the ongoing regular session of the National Assembly. Reporter Kim Hong will give you more details from Chongwadae [presidential offices].

[Kim] President Kim Yong-sam said straightening history is indeed a revolution of honor to restore the people's sovereignty and open the bright future of the country. President Kim said this in a statement to the people on the 16th anniversary of the 12 December incident and stressed that, for the remaining of his term as president, he will make every possible effort to straighten our history and will fulfill this task without fail by smashing

any kind of antihistorical or antidemocratic challenge, believing it is the second construction of the country.

President Kim noted that we are at an important turning point of national history for advancement or regression and that by straightening history, he will make justice, law, and conscience become a firm basis to guarantee the durable development of the country and the nation.

President Kim also stated that he had tried to forgive the wrongs of the past and encompass everything in the large vessel of reconciliation since his inauguration in a bid to position the people's strength for national development through great unity. However, a former president's large-scale illegal accumulation of property beyond imagination, greatly shocked all the people and awfully damaged the reputation of the country abroad. Acts that disgrace the people and history should no longer be overlooked under the pretext of national reconciliation.

President Kim continued by saying that straightening history is not a simple task of adjusting the past but a huge creative task for the future, and that he will devote everything to straightening history for the remainder of his term in office, unyielding under any challenge of difficulty. He then sincerely hoped that the 18 May special law will be passed during the ongoing regular session of the National Assembly.

Further on Kim Statement

SK1212030895 Seoul YONHAP in English
0234 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — President Kim Yong-sam said Tuesday that he would do his utmost to rectify the nation's history so that "justice, law and conscience" would become solid foundations for lasting domestic development during the remainder of his term.

In a statement issued through his Spokesman Yun Yochun on the 16th anniversary of the Army's coup d'etat through which then Maj. Gen. Chon Tu-hwan rose to power, the chief executive called rectifying South Korea's history "a glorious revolution" that restores national self-esteem and thus paves the way to a bright future for the country.

"I will carry out this task by cracking down on any non-historic and undemocratic challenges with a firm belief in the building of a second national foundation," he said.

Noting rectifying history is not only correcting the wrongdoings of the past but also "a creative task" looking forward to a bright future, he said, "we must clear ourselves of the remains of military culture and the

specters of coup d'etat in order to protect the democracy that we have won with blood, sweat and tears."

"Violations of constitutional order must be punished sternly and law and justice must be firmly established so that rule by law will become the prevailing guiding principle in this society," he stressed, "and we must also drive out from our community corruption and irregularities stemming from politics-business collusion which have plagued this nation over the decades in order to build a clean and fair society."

"Upon taking office as the president, I appealed for leaving the dark side of our recent history for history to judge in a bid to mobilize all the energies and wisdoms of the nation needed for national development by achieving national harmony and unity, but the former president's illicitly-amassed fortune in an amount beyond imagination was an enormous shock to the people, while greatly damaging the nation's international reputation."

Referring to former President Chon's refusal to assist the probe into the 1979 coup and the bloody crackdown of Kwangju pro-democracy demonstrators the following year, President Kim called such an uncooperative attitude a "shameless act" that reverses history. Kim also accused the now jailed ex-leader of enraging the people through such an attitude, instead of soul-searching and apologizing for the wrongs that he did.

As for Chon's alleged financial scandal, the people have come to know that all these power-related irregularities and corruption have stemmed from the 1979 Army rebellion and the 1980 Kwangju massacre, Kim added.

"We can no longer tolerate these criminal acts which not only hindered the development of history, but also disgraced the nation in the cause of national harmony and unity," he stressed.

He then appealed to the National Assembly for passing a special law punishing the masterminds of the coup and massacre during its current session.

"We must now do two important things for our posterity: One is to establish a new value system that will be the light and guide for it and the other is to bequeath it a historical lesson that the dark and tragic era of military dictatorship marked by violence and irregularities must never be repeated under any circumstances," he remarked.

Kim Says 'Military Has Taken Power' in DPRK

SK1212031295 Seoul THE KOREA HERALD
in English 12 Dec 95 p 1

[FBIS Transcribed Text] President Kim Yong-sam said yesterday that the military has taken control of North Korea and that South Korea should guard against a possible armed attack by the North.

"It has been more than one year since the death of Kim Il-song but no one has succeeded him," Kim said in a meeting with members of the Advisory Council on Democratic and Peaceful Unification.

"This means the military has taken power in North Korea," Kim said.

Kim has often said that Kim Chong-il's failure to ascend to the North Korean leadership posts held by his late father attests to instability in the North.

But it marked first time for him to go on to say that the military has seized control of the Pyongyang government.

Kim said that the coming year is very critical in inter-Korean relations and that South Koreans should not indulge in an illusion of easy unification North Korea.

The North has deployed nearly 100 military aircraft at three front-line air bases, which can reach Seoul in just five minutes, he said.

Pointing out the political and economic instabilities in North Korea, Kim called for readiness for a possible emergency in the North.

"The North is starving, poor and lacks energy," Kim said, adding that its capital Pyongyang blackens out at night because of energy shortfall.

"The North looks like a disabled airplane in the air."

There will be no problem if it succeeds to make a good landing, but many people will be killed if it crashes into Seoul, Kim said.

The North is stepping up its slander campaign against him and the South Korean government as part of its efforts to keep its internal system intact.

"It appears that the North is trying to achieve internal unity by setting us up as its potential enemy," Kim said.

President Meets With Senior Politician Yi

SK1212061695 Seoul YONHAP in English
0417 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — President Kim Yong-sam met with senior politician Yi Chol-sung over lunch at Chongwadae [presidential

offices] and discussed the latest political situation in the wake of the incarceration of two former presidents.

Explaining his strong intention to rectify wrong practices of the past, such as ex-head of state No Tae-u's stashing of slush funds, President Kim asked for co-operation from political and social leaders for national harmony and his state administration.

A veteran political leader, Yi formerly served under the country's main opposition party during the era of former president Pak Chong-hui.

The chief executive has been meeting leaders from social, religious, academic and political circles, including Stephen Cardinal Kim Su-hwan and Seoul National University President Yi Su-song, since Dec. 4.

Prosecution Summons Chang, Others for Questioning

SK1212040295 Seoul YONHAP in English
0258 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — The prosecution summoned Chang Se-tong, commander of the 30th Security Force Brigade at the time of the 1979 military coup, for questioning in connection with its probe of the putsch and the bloody suppression of the Kwangju uprising for democracy in May 1980.

Before appearing at the Prosecution's Office, Chang told reporters that "the Dec. 12 incident (coup)" occurred during an investigation into then Army Chief of Staff Gen. Chong Sung-hwa on suspicion of his involvement in the assassination of President Pak Chong-hui.

Chang's interrogation focused on what role he played in the coup and whether he was involved in former President Chon Tu-hwan's raising of secret funds during Chon's tenure.

Paek Tong-nim, chief investigation officer of the Defense Security Command's (DSC) probe into Pak's assassination in October 1979, was also called in for questioning to confirm the rumor that he had reported to the DSC at the time that Gen. Chong had nothing to do with Pak's murder.

Also summoned that same day were Chong Tong-yol, protocol secretary of former President Choe Kyu-ha and former Army Chief of Staff Gen. Chong Seng-hwa, ret.

Gen. Chong will be cross-examined with Chang, an official said.

Prosecutors Visit Choe's Residence 12 Dec

SK1212084195 Seoul YONHAP in English
0833 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — Two prosecutors visited the residence of former President Choe Kyu-ha to question him about the Dec. 12 military coup in 1979 and the bloody suppression of demonstrators in Kwangju in 1980.

Kim Sang-hui and Yi Mun-ho from the Seoul District Prosecutor's Office arrived at Choe's house in Sokyo-tong, western Seoul, at 4:30 PM [0730 GMT]. Both were ushered inside by the ex-President's Secretary Pak Hung-sun.

Choe, however, reportedly did not give detailed testimony on the two incidents which occurred during his brief tenure as head of state, citing that the development of both events was directly related to state affairs he was handling as chief executive at that time.

Choe Refuses To Honor Summons

SK1112072295

[FBIS Editorial Report] The following is a compilation of editorials and reports published by ROK vernacular dailies on 11 December concerning ex-President Choe Kyu-ha's refusal to comply with the prosecution's summons for questioning on the 12 December 1979 military coup.

The pro-government SEOUL SINMUN carries on page 3 a 700-word editorial entitled "Truth Is More Important Than a Precedent." The editorial begins by saying: "It is regrettable that the task of straightening history has hit a snag because ex-President Choe Kyu-ha, who has the key to proving the suspected military coup and rebellion by the new military regime, refused to appear before the prosecution." It criticizes Choe's refusal to make a statement on the 12 December incident as "the wrong attitude," stressing that "he is obliged to testify in detail how the new military regime seized power." Referring to Choe's explanation that "'if I comply with the prosecution's investigation into every official incident that took place while I was president, it will become a bad precedent in the history of the constitutional government,'" the editorial says: "Although it is undesirable to 'form a bad precedent in constitutional history,' what is more important is the demand of the times and the desire of the people." The editorial then urges Choe to "actively assist in the prosecution's investigation with a new understanding of the situation."

SEOUL SINMUN also carries on page 23 a 200-word report by Kim Song-su. The report quotes ex-

Army Chief of Staff Chong Sung-hwa, head of a 20-member group, which was recently set up with a view to accusing those involved in the 12 December and 18 May incidents, as saying: "I understand that ex-President Choe Kyu-ha was planning to testify on the situation surrounding the 12 December incident, but those close to Chon Tu-hwan prevented him from opening his mouth."

The left-leaning HANGYORE SINMUN carries on page 3 a 800-word editorial entitled, "Choe Must Be Forced To Give Evidence." The editorial denounces Choe Kyu-ha's refusal to comply with the prosecution's summons, "which is an irresponsible and cowardly act for a former president, repeating his unerasable crime against history." The editorial also says: "If Choe had managed the state affairs a little better during his term of office, our country would have not faced today's constitutional tragedy. If he has a guilty conscience about his failure to fulfill his responsibility at that time, he should cooperate in punishing Chon Tu-hwan and others to mitigate his crime." The editorial concludes by saying: "We believe that the prosecution should force Choe to stand on the witness stand within the framework of the law, if he persistently refuses to open his mouth."

The conservative CHOSON ILBO carries on page 1 a 450-word report by Sol Wan-sik and U Pyong-hyon. The report details some of the prosecution's "full-fledged investigation" into the 12 December and 18 May incidents, and says: "As ex-President Choe Kyu-ha has refused to honor its summons, the prosecution is likely to visit Choe on 12 December to probe him."

NCNP Rejects Prosecution's Summons

SK1112063695 Seoul YONHAP in English
0041 GMT 11 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 11 (YONHAP) — The main opposition National Congress for New Politics (NCNP) decided Monday not to comply with the prosecution's move to summon the party's secretary-general to probe into the possible inflow of political funds stashed by former President No Tae-u.

NCNP spokesman Pak Chi-won said that his party will not accede to the prosecution's summons because his party did not receive any money from No. The ex-president is presently being incarcerated at Seoul detention house on charges of stashing 500 billion won of slush funds while in office.

"The focus of the prosecution's probe should be on digging up details of election campaign funds President Kim Yong-sam received from No in the 1992 presidential race," the spokesman claimed.

However, ruling New Korea Party's Secretary-General Kang Sam-chaе said Sunday he is willing to cooperate with the probe into the alleged inflow of No's funds into political circles.

Prosecutor: No Gave 79 Billion Won to Party

SK1112102395 Seoul YONHAP in English
1006 GMT 11 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 11 (YONHAP) — Former President No Tae-u, now under arrest for stashing a huge slush fund during his presidency, had given 79 billion won [\$105 million] out of the fund to the ruling party he headed during his presidency, a senior prosecutor said Monday.

An Kang-min, head of Central Investigation Department of the Prosecutor General's Office, said No was found to have supplied about 1 billion won to the ruling party a month and about 24 billion won in special "encouragement money" on national holidays like Chusok in the five years of his presidency beginning February 1988.

This, An said, was revealed in the questioning of a former secretary-general and a chief financial official of the ruling party in the past three days.

This brings to 448.2 billion won the total of the No fund whose use has been confirmed, An said.

The total includes 94 billion won in financial assets, 96.9 billion won loaned to industries, 38.3 billion won in the purchase of real estates, 140 billion won provided to the ruling party for use in two separate general elections, and 79 billion won in operations and special encouragement money given to the ruling party he headed.

Prosecutors also asked No about the money he might have used in connection with presidential elections, but failed to obtain any statement from him in this regard, An said.

No Aide 'Grilled' Over Role in Arms Procurement

SK1212034895 Seoul YONHAP in English
0158 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — The prosecution grilled Kim Chong-hwi, former President No Tae-u's national security aide, Monday overnight over his alleged role in corruption surrounding arms procurement projects during the Fifth Republic from 1988-93.

Immediately upon his arrival at Kimpo International Airport Monday afternoon, Kim was whisked away to the prosecution questioning. He had been in hiding in the United States for two years and eight months.

As his indictment on graft charges was suspended in 1993, he will reportedly be under arrest on suspicion of bribery first. The prosecution plans to continue its probe primarily into circumstances under which the government concluded a contract with General Dynamics (GD) of the United States for purchasing F-16 fighters, a reversal of Seoul's prior decision to buy F-18 fighters from McDonnell Douglas.

Having sought a search warrant for Kim's ten-odd bank accounts prior to hauling him away Monday, prosecution officials said that they intend to track them down beginning Tuesday.

Taking advantage of the rule that halves one's legal punishment if one turns himself in voluntarily, Kim had his lawyer Chon Ki-hung submit a written self-surrender to the prosecution Monday before arriving for questioning.

The probe into the former presidential security aide is focused on whether he pressured the Defense Ministry and Air Force into changing its purchase order for fighters under No's instructions, if rebates were received from GD, and if so, how much and where they are stashed away.

Kim reportedly has testified that the type of the fighters was indeed swapped under orders from No.

Court Extends Chon Detention to 22 Dec

SK1112115595 Seoul YONHAP in English
1151 GMT 11 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 11 (YONHAP) — The Seoul District Court on Monday [11 December] authorized the detention of former President Chon Tu-hwan for ten more days than the initial detention limitation ending on Tuesday.

With the court permission, Chon could now be detained through Dec. 22 instead of the initial deadline of Dec. 12 and the prosecution would have to decide whether to indict him by Dec. 22.

The prosecution earlier in the day asked the court for permission of an extended period of Chon's detention on the ground that they need supplementary questioning of Chon's colleagues involved in the Dec. 12 coup.

Kim Tae-chung Willing To Help, Cooperate

SK1112100895 Seoul HANGYORE SINMUN
in Korean 11 Dec 95 p 1

[Report by Kim Song-ho]

[FBIS Translated Text] On 10 December, Kim Tae-chung, president of the National Congress for New

Politics [NCNP], stated: "I am willing to help President Kim Yong-sam and cooperate with him if he considers the opposition parties as partners and handles state affairs for the people."

Kim Tae-chung made this statement at a meeting held at the Children's Grand Park to found the Kwangjin A Chapter of the NCNP. He added: "For President Kim's situation to become unfortunate like that of the former presidents is not desirable for the sake of the country's development." He went on to say: "For the sake of our 30-year-old friendship and for our country, I do not wish any misfortune on President Kim."

Kim Tae-chung said: "Any 18 May law into that fails to introduce a special prosecutor system cannot appropriately resolve the Kwangju issue." Kim added: "We will make every effort to ensure that a prosecutor system is adopted at negotiations on the special law to be held between the ruling and opposition parties."

Kim Tae-chung concluded: "I warn that people will not accept and will resist any investigation in which no special prosecutor is involved."

Opposition Parties Denounce Kim Statement

SK1212083895 Seoul MUNHWA ILBO in Korean
12 Dec 95 p 2

[Article by reporters Yi Hyon-chong and O Sung-hun]

[FBIS Translated Text] The three opposition parties have unanimously criticized President Kim Yong-sam's 12 December public statement on the 16th anniversary of the 12 December incident for lacking specific contents for quelling the current unstable situation.

Pak Chi-won, a spokesman for the National Congress for New Politics, said: "President Kim should provide a frank apology to the people for protecting and treating the ringleaders of the rebellion as meritorious persons for the past two and a half years by suggesting that history be allowed to be the judge."

Spokesman Pak also complained: "President Kim urges all the people to launch into a bloodless revolution, and stresses the correction of history. However, he hasn't repented for the three party merger, so it is simply a reversal of history."

Democratic Party Spokesman Yi Kyu-taek said: "We expected much from President Kim's statement, but we were disappointed by the mere emphasis of principles." He urged: "At this important juncture, he must show his will, as well as a predictable political plan, to appease the people's uneasiness and confusion."

Spokesman Yi downplayed President Kim's description of the current situation as a bloodless revolution, by

saying: "A bloodless revolution involves a harsh and painful decision like cutting out one's heart. However, it appears as though the president released the statement as a political strategy to break through the deadlock."

United Liberal Democrats spokesman Ku Chang-im commented: "It is natural that in the statement, President Kim characterized 12 December incident as a blemish in the history of the constitutional government. Yet, he should not leave another blemish by legislating a nonconstitutional special law."

Spokesman Ku continued: "The task of correcting history and society can only be accomplished when democratic politics based on dialogue and discussion develops." He then added: "I hope the ruling party concentrates efforts on removing the people's distrust, rehabilitating the national economy, and recovering politics, instead of adhering to justification theories."

Editorial Examines Enactment of Special Law

SK0812110395 Seoul CHUNGANG ILBO in Korean
8 Dec 95 p 4

[Editorial: "Points To Be Careful About in Enacting the Special Law"]

[FBIS Translated Text] Following the bills submitted by the opposition National Congress for New Politics and the Democratic Party, the New Korea Party also submitted its bill on the special law on punishing those involved in the 12 December coup and the 18 May incident, suggesting that the special law will soon become a reality. The points we should be careful in enacting the special law is the question of the statute of limitations and the introduction of special prosecutors.

As regards the statute of limitations, the ruling and opposition parties agree that the statute of limitations of the 12 December and 18 May crime should be suspended until the end of former President No Tae-u's term on 24 February, 1993. This means that not only Chon Tu-hwan and No Tae-u, but all others involved as well, would be punished as the statute of limitations would have not expired.

As shown in the Constitutional Court's review of the appeal against the decision not to indict those involved in the 18 May incident, there are various theories on the statute of limitations depending on the point of view. Former President Chon Tu-hwan asserts that the statute of limitation is over and openly claims that he would file charges alleging the unconstitutionality of the law. The special law will inevitably be examined for its legitimacy. Thus, a close juridical examination is required before the enactment to avoid the dispute over

the unconstitutionality issue or even a reverse ruling at the Constitutional Court.

The ruling and opposition parties disagree over the special prosecutor issue. The opposition parties assert that the special prosecutor is the core of the special law, while the ruling party demands special clauses be stipulated in the special law in place of the special prosecutors.

The opposition parties appear to have their point in arguing that the same prosecutors, who suspended the indictment of those involved in the 12 December coup and dropped the 18 May case, cannot be trusted in reopening the case. However, the special prosecutor system has not been tested and it is doubtful that it will work in the ROK. We have to be more prudent as we expect considerable side effects.

The special prosecutor issue is merely a disagreement on the investigation method, not on the essence of the special law. Therefore, it will be unreasonable for the special prosecutor issue to hinder the enactment of the special law, which the ruling and opposition parties agreed upon.

Parties Comment on Coup Anniversary

SK1212074195 Seoul YONHAP in English
0658 GMT 12 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 12 (YONHAP) — On the 16th anniversary of the Dec. 12, 1979 coup Tuesday, all of the nation's political parties stressed that such an unfortunate disruption of constitutional rule should never occur again.

Both the ruling and opposition parties again called for a thorough cleansing of the past, arguing that as right will prevail in the end, politically-motivated military officers who took part in the coup should be condemned by history.

The ruling New Korea Party spokesman Son Hak-kyu said, "The unfortunate incident, in which the constitution was disrupted by a small number of political soldiers and human rights were infringed upon, should never be allowed to occur again to warp our history."

Son said that it is the public's aspiration as well as the demand of the times that the nation be set free from the fetters of its dark past and to create a brighter history for the future.

"The ruling and opposition parties, transcending factions, partisan interests and intrigue, should positively cooperate with each other in the enactment of a special May 18 law and participate in eliminating corruption and irregularities of the past, liquidate the legacies of

military dictatorship and open a new chapter in history," he added.

Spokesman Pak Chi-won for the major opposition National Congress for New Politics commented, "Now that President Kim Yong-sam has started to set history right, late as it is, the truth should be unearthed and honor restored not only through the legislation of a May 18 special law, but also through the introduction of a special prosecutor system."

"Unfortunate history should no longer be patched up, but liquidated," Pak added, warning that "if and when" the Kim Yong-sam administration again attempts to gloss over both incidents, such an action could also become a target for historical correction in the future.

Minor opposition Democratic Party spokesman Yi Kyu-taek said, "That those responsible for the Dec. 12 coup are being condemned today is a natural conclusion to a plain historical truth that right prevails in the end, as well as being a victory for the people and history."

Yi added, "The shameless, unconscientious and anti-historical utterances and acts on the part of remnants of the military junta, who still brazenheartedly justify the coup, ought to receive the solemn judgment of the people and history."

"The Dec. 12 coup was an unfortunate incident in our history," said Ku Chang-nim, spokesman for the splinter opposition United Liberal Democrats, "we should never allow it to happen again by restoring politics and elevating democratic politics to a higher level."

He added, however, "We should not commit the folly of making further mistakes in a bid to realize justice," emphasizing that a retroactive law will "ensue misfortune in the history of our constitutional rule."

Inter-Korean Trade Totals \$274 Million in '95

SK1112064295 Seoul YONHAP in English
0104 GMT 11 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 11 (YONHAP) — Bilateral inter-Korean trade during the first 11 months of the year totaled 274 million U.S. dollars, compared with 223 million dollars recorded for all of last year, according to the National Unification Ministry.

Monthly trade reached a peak of 26 million dollars in August, fell to 20 million dollars in September, and dipped further to 14 million dollars in October.

The ministry projected inter-Korean trade to total 290 million dollars for all of this year.

Such two-way trade in terms of both value and the number of items has increased sharply from last year, but

the value began falling in September, recording a decrease of over 30 percent from October and November last year. The number of items also started declining sharply in August.

The trend is a striking contrast to the higher growth pace in the latter half as opposed to the first half of a year as seen over the past several years.

Ministry officials attributed the downward movement of inter-Korean trade in the last six months to North Korea's severe flood damage, among other things.

Bilateral trade has centered around bartering the North's farm produce and mineral products for the South's manufactured products, and this simple, pre-modern trading style has reached its limit, an official observed.

To increase their trade, therefore, South and North Korea should restructure their trade pattern by stressing joint ventures, especially those for processing the South's raw materials in the North that can be exported, he said.

Government Ends Rice Purchases at Market Prices

SK1112034795 Seoul THE KOREA TIMES in English
11 Dec 95 p 8

[FBIS Transcribed Text] The government, in a bid to stabilize spiralling rice prices, has decided not to continue purchasing rice from farmers at market prices.

The Ministry of Finance and Economy and the Ministry of Agriculture, Forestry and Fisheries plan to have the National Agricultural Cooperative Federation (NACF) discontinue its buying of one million sok (one sok is 144 kg) of rice from farmers.

The government decision came as the price for a sack of 80 kg of rice increased to 144,500 won (some 180 dollars) in early December, an increase of 18.3 percent over last year's 121,800 won.

The administration is also planning to report to the Office of National Tax Administration those who attempt to stockpile rice, thus provoking price increases, through investigations of rice reserves held by major rice mills and retailers across the nation, according to business sources.

In particular, large-scale grain dealers will be subject to joint investigations by the two ministries and the tax administration mainly in Seoul and the other five major cities in which rice prices have hiked more than 20 percent.

Items Removed From Import Restriction List

SK0912061695 Seoul THE KOREA TIMES in English
9 Dec 95 p 8

[FBIS Transcribed Text] The Ministry of Trade, Industry and Energy [MOTIE] yesterday took 25 additional items off the import diversification product list to conform with the free trade principles advocated by the World Trade Organization (WTO).

The liberalization, when it goes into effect Jan. 1, will bring to 62 the number of items whose import from Japan is restricted, less than a quarter of the 258 banned in 1993, MOTIE officials said.

They said the Japanese Government has consistently called on Korea to lift the import restrictions. At present, items like television sets cannot be imported from the neighboring country.

Finance Ministry Announces Revisions to Tax Laws

SK1212035095 Seoul THE KOREA HERALD
in English 12 Dec 95 p 8

[FBIS Transcribed Text] Starting next year, the government will strengthen its taxation on thin capitalization of foreign corporations operating here, according to a decree enforcing the amendment to an act on international tax adjustment.

Transfer pricing by both foreign and domestic corporations and domestic companies' tax evasion via tax havens will be banned, according to the decree announced by the Ministry of Finance and Economy yesterday.

Under the decree, foreign corporations here will not be allowed to have their interest payments on debt exempt from taxation if the debt is over three times the amount of their net worth.

Foreign financial institutions will be disqualified from tax exemption when their borrowing is more than six times their net worth.

The taxation rule for thin capitalization is aimed at preventing a foreign corporation from borrowing heavily from its parent company for the purpose of dodging taxes, a ministry official said.

Transfer pricing, or the transaction of goods and services between a multinational corporation (MNC) and its subsidiaries at above-market prices, will be strictly regulated under the decree.

The head of the Office of National Tax Administration will have the authority to conduct a tax probe into both domestic and foreign corporations suspected of committing transfer pricing.

A method for calculating an appropriate price level will be put in place to cover such transfer pricing, and the taxing authority will be entitled to require foreign and domestic firms to file related documents.

A fine of up to 30 million won (\$38,961) will be imposed on corporations which fail to meet the reporting requirements.

Transfer pricing is a widely-used scheme for evading taxes under which an MNC usually buys goods and services from its subsidiary in a country with low tax rates at above-market prices. Lower tax rates are imposed on the profits of the subsidiary than in the home country, enabling the MNC as a whole to pay less in taxes.

In addition, Korean corporations will be banned from establishing a subsidiary in tax-haven countries and transferring its profits to the subsidiary in a bid to evade taxes.

The decree defines tax havens as countries or regions where corporate taxes are below 15 percent or corporations enjoy more than 50 percent of their profits in tax exemptions and reductions.

The ministry also announced 14 other revisions to the enforcement decrees of tax laws.

According to the revised decrees, holders of savings deposits with maturities of five years or more will either pay a 30 percent withholding tax on their interest income or be subject to a new taxation scheme for financial assets.

Under the new taxation system, a couple will have to pay a 15 percent withholding tax on their interest income and dividends of up to 40 million won.

Beef-Exporting Nations Object to SBS System

SK1212061595 Seoul THE KOREA TIMES in English
12 Dec 95 p 8

[Article by staff reporter Sim Chae-yun]

[FBIS Transcribed Text] Beef exporting nations like the United States have strongly objected to Korea's operation of the simultaneous buying and selling (SBS) system under which it selects importing organizations and allots quotas to them.

Working-level meetings on the beef trade by Korea and beef exporting nations like the United States, Australia and New Zealand Dec. 6-8 at the Ministry of

Agriculture, Forestry and Fisheries in Seoul broke up without tangible results, according to related industry sources.

The participants discussed methods of designating importers and distributing import quotas to them, as the nation moves to open the beef market wider under the Uruguay Round agreement.

But they failed to narrow their differences, according to a ministry official.

The ministry proposed that the Korea Federation of Meat Producers (KFMP) and Korea Livestock Marketing Corporation (KLMC) be included in the list of beef importers under the SBS system.

It also said it would allot 6,500 tons of beef to the KFMP under the SBS system.

The ministry said it told the beef exporters that it will come up with a final decision on the list and quotas around the end of the month.

It clarified that there can be, however, no change in the government position on operation of the SBS system, as the government retains authority over it and it conducted a study in consultation with the relevant organizations before setting it up.

But the exporting countries objected to this government stance, saying it should have consulted with them in setting up the SBS system.

They demanded the Korea Import Meat Distributors Association be included in the list of importers and quotas be distributed equally to all importers. They reportedly called on the administration to make public the results of its study. The United States, in particular, threatened to file a suit with the WTO [World Trade Organization].

Korea is expected to import 142,000 tons of beef this year, some 21,000 tons more than it is obliged to. Beef from the U.S. represents 55 percent of this amount while that from Australia represents 35 percent.

The remaining beef comes from New Zealand and Canada.

Next year, Korea is set to import 147,000 tons of beef, of which 58,800 tons is due to be imported under the SBS system.

The domestic beef market is to be fully opened by the year 2001.

Burma**Than Shwe Receives PRC Delegation in Rangoon***BK1112153395 Rangoon Radio Myanmar in Burmese
1330 GMT 11 Dec 95*

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and commander in chief of the Defense Services of the Union of Myanmar [Burma], received Mr. Li Ruihuan, chairman of the PRC's Chinese People's Political Consultative Conference, and his party — currently in Yangon [Rangoon] — at the Pyithu Hluttaw [People's Assembly] Building's Diplomatic Hall at 1000 today.

With Senior Gen. Than Shwe were Gen. Maung Aye, vice chairman of the SLORC, deputy commander in chief of the Defense Services, and commander in chief of the Army; Lieutenant Gen. Khin Nyunt, secretary-1 of the SLORC; Lt. Gen. Tin U, secretary-2 of the SLORC; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, SLORC members and deputy prime ministers; Foreign Minister U Ohn Gyaw; U Than Shwe, minister in the Prime Minister's Office; and Thura U Aung Htet, director general of the Protocol Department of the Foreign Ministry. Mr. Li Ruihuan and his party were accompanied by Chinese Ambassador Mrs. Chen Baoliu.

NLD in 'Liberated Area' Denounces Rallies*BK0912145395 (Internet) BurmaNet News in English
6 Dec 95*

[Statement issued by the National League for Democracy/Liberated Area in the "Western Region" on 5 December]

[FBIS Transcribed Text] The National League for Democracy [NLD]/Liberated Area denounces the State Law and Order Restoration Council [SLORC] for ordering the people to participate in the villainous mass meetings in Burma. The military rulers of Burma are forcing the people to attend the public rallies in the big cities in Burma to try to show that their National Convention is receiving support of the people. This kind of measure is not uncommon under such a brutal regime.

That is why the USDA (Union Solidarity and Development Association) was brought into existence by the military junta. The government employees and students are forced to enroll into the USDA. The school-children are threatened to lose sitting the examination. The public are subject to fine 50 to 500 Kyats if they fail to show up in the rallies. The teachers are instructed to bring the students to the assemblies while "not-more-than-four" order is still valid elsewhere for others.

USDA intentionally chose the green uniform in order to deceive all school-children as the members. It should be noted that, in Burma, all school-children and teachers have to wear white-on-green uniforms. Feeling helpless, if not always, the civilians are used to follow the orders by the authorities. That does not mean a unanimity. That can not be taken as conscience. The military rulers know that. But, why did they do it then? The Generals organize the rallies just to televise and photograph to put them on the media.

Because they expect an assumption from the outsiders. Do the outsiders take account of it? If they got appreciation from outside, they will use such rallies as a referendum to approve their upcoming soldier-dominated constitution. They dare not taking risk a secret vote again like the 1990 election.

So the National League for Democracy/Liberated Area condemns SLORC's unsound approach of "forced mass rallies", beseeches the people of Burma to resist the unjust orders consonant with Daw Aung San Suu Kyi and the NLD party's boycott against the present National Convention and calls for the outsiders to ridicule the SLORC for attempting to seek inconstant appreciation by international community.

[Signed] The National League for Democracy/Liberated Area (Western Region)

Discussions on Executive Chapter Continue 8 Dec*BK0812155795 Rangoon Radio Myanmar in Burmese
1330 GMT 8 Dec 95*

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

The session was attended by 525 out of 590 delegates eligible to attend the convention. At the session, U Saw Hla Tun of the special invitee delegates group read and presented his group's second part of the collective proposal while Dr. Chan Thar alias U Nyi Nyi of the same group read and presented the third part the group's proposal paper to prescribe the detailed basic principles for organizing the chapter on the executive that will be included in the formulation of the state constitution.

From the political parties delegates group, U Aung Khin, a delegate, read and presented the Union Pa-o National Organization's proposal paper on the same subject while U Ti Htaung Wai and U Maung Pon alias U Khin Maung Thein, both delegates, respectively read and presented the proposal papers of the Shan State Kokang Democratic Party and the Mro or Khami National Solidarity Organization on the same subject.

The plenary session ended at 1300 and will resume at 0900 on 11 December.

Khin Nyunt Criticizes NLD Boycott of Convention

*BK1212095995 Rangoon TV Myanmar Network
in Burmese 1330 GMT 11 Dec 95*

[FBIS Translated Excerpt] The closing ceremony for Special Refresher Course No. 20 for teachers was held at 1330 today in the Conference Hall of the Central Institute of Public Service in Hlegu. Speaking at the ceremony, Lieutenant General Khin Nyunt, chairman of the Myanmar [Burma] Education Committee and secretary-1 of the State Law and Order Restoration Council [SLORC], said it is known to all that the SLORC — which upholds the national policy to ensure the nondisintegration of the Union, nondisintegration of national unity, and perpetuation of national sovereignty [the three cardinal causes] — has been endeavoring in accordance with its political, economic, and social objectives to build Myanmar into a peaceful, prosperous, and developed Union. [passage omitted]

Lt. Gen. Khin Nyunt said the SLORC has convened the National Convention in accordance with one of its set political objectives — the emergence of an enduring state constitution. [passage omitted]

He said while the government has provided assistance on all fronts to ensure the success of the National Convention, it can be seen that patriotic people are solidly expressing their support for the convention in various ways. Only when an enduring state constitution emerges can the objective of constructing a modern and developed nation be achieved.

While such national achievements are being made and the solid support of the nation and people is being obtained, the delegates from the National League for Democracy [NLD], who are only concerned with the interests of their party, have turned their back on the National Convention. This amounts to the rejection of the national endeavor of the National Convention. It is an insult to their colleagues at the convention — delegates from other political parties and elected representatives as well as delegates representing national races, peasants, workers, intellectuals and the intelligentsia, public service personnel, and other special invitees — and a contravention of the interests of the nation and its citizens. Lt. Gen. Khin Nyunt said the NLD has a one-sided view that its participation in the convention cannot serve its interests and that once the new constitution is promulgated in accordance with the basic principles laid down by the convention, the new constitution will neither serve the interests of the party

nor of an individual. Accordingly, it has decided to oppose the constitution.

He said the National Convention cannot be undermined just because one party or organization turns its back on the convention, which is being held in line with the three cardinal causes and the noble objectives of the emergence of a genuine multiparty democratic system and a peaceful, prosperous, and developed nation. Lt. Gen. Khin Nyunt said he would like to state categorically that the SLORC government will continue to support and assist the National Convention until its task is completed. He said rallies have been held nationwide in recent days to express support for the National Convention and that these rallies — held under the auspices of student and youth members of the Union Solidarity and Development Association — are very encouraging.

When they return to their work upon completion of this course, he urged the teachers to organize students, parents, and people in their neighborhoods to work for the success of the National Convention and to preempt and counter resolutely any subversive action against the National Convention. [passage omitted]

Khin Nyunt Receives Leaders From Shan State

*BK1012150195 Rangoon Radio Myanmar in Burmese
1330 GMT 10 Dec 95*

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council, received U Sai Nauk, an ethnic leader from Special Region 3 in northern Shan State; U Mahtu Naw, an ethnic leader from Special Region 5 in northern Shan State; U Aung Hkam Ti, an ethnic leader from Special Region 6 in southern Shan State; and U Aik Mone, an ethnic leader from Special Region 7 in northern Shan State, at the Defense Services Guest House on Inya Road in Yangon [Rangoon] at 1600 today. During the meeting, they held discussions and coordinated on matters concerning regional development.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Urges Russian Support for MiG Fighters

*BK0912144995 Kuala Lumpur THE STAR in English
9 Dec 95*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Langkawi — Malaysia needs full Russian support to ensure that its Mikoyan-MAPO

MiG-29 air superiority fighter programme runs on track, Datuk Sri Dr. Mahathir Mohamed said yesterday.

The Prime Minister said: "We are the first customers of Russian aircraft (in the region). We need a lot of support.

"And also, if anything fails, then that would not be good for (Russian) aircraft sales."

He said this at a news conference given to the Russian press at the Mahsuri International Exhibition Centre here.

The centre is the main site of the Langkawi International Maritime and Aerospace (Lima '95) show which began on Tuesday.

The RMAF [Royal Malaysian Air Force] has taken delivery of 16 MiG-29SE air superiority fighters, including a pair of the two-seater MiG-29UB combat-capable trainer variant.

SRV Agrees To Help Fight Commercial Crime

BK1212110995 Kuala Lumpur NEW STRAITS TIMES in English 11 Dec 95 p 10

[BERNAMA Report]

[FBIS Transcribed Text] TELUK INTAN, Sun. — Malaysia and Vietnam have agreed to co-operate in enforcing laws governing commercial crimes, Deputy Home Minister Datuk Megat Junid Megat Ayob said.

He said Malaysia agreed to the co-operation because Malaysian entrepreneurs were flocking to Vietnam to invest.

Malaysians were currently implementing 60 big projects in Vietnam and therefore efforts must be made to protect the rights of both parties, he said after launching a blood donation campaign by Junior Chambers, a voluntary club here today.

This was among three issues discussed and agreed to during his official visit to Vietnam last week.

Efforts to combat dadah [narcotics] and firearms smuggling were also discussed as Vietnam was a transit point for traffickers and the country still had a lot of firearms left over from the Vietnam War.

He said Malaysia had asked Vietnam to simplify its immigration procedures as there would be increased travel to the country since it had become part of Asean.

Malaysia requested Vietnam to review all immigration problems between both countries with a view to relaxing existing regulations to woo more Malaysian tourists and investors.

The Vietnamese authorities promised to study the matter in the interest of bilateral and regional co-operation, he said.

Megat Junid also invited Vietnamese police officers to attend a month-long course at Malaysian police training centres to improve their efficiency.

He also proposed an exchange programme for police officers of both countries to forge closer ties.

Government Ready To Help in Rebuilding of Bosnia

BK0912165495 Kuala Lumpur BERITA HARIAN in Malay 9 Dec 95

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] London, Friday — Malaysia will participate actively in the implementation of decisions to ensure a genuine peace in Bosnia-Herzegovina after the peace agreement is signed next week.

Foreign Minister Datuk Abdullah Ahmad Badawi said Malaysia is also willing to provide assistance to Bosnia-Herzegovina on top of sending its soldiers to participate in the peace agreement Implementation Force (I-FOR) under NATO.

Among other things, Malaysia will assist in the economic reconstruction, the preparations for a general election, and the efforts to bring back and resettle the Bosnian people in their homeland.

"We have the capability, the expertise, and the energy to rebuild Bosnia from the social, political and economic angles.

"However, we also hope for the private sector's participation in the project because the government cannot afford to do it by itself," he told Malaysian journalists here, today.

Abdullah is leading a Malaysian delegation to the two-day Peace Implementation Meeting in London, which begins today. The meeting is a follow up to the peace agreement signed by the Balkan's warring factions in Dayton, Ohio at the end of last month. [passage omitted on meeting's agenda]

Abdullah said, Malaysia will continue with its two-way cooperation with Bosnia just as they had agreed earlier.

"We are participating in the Bosnian situation not only from the viewpoint of multilateral cooperation, but in regard to bilateral cooperation with Bosnia as well.

"I hope that the bilateral cooperation program that is going to be carried out between Malaysia and Bosnia

will not upset any decision to be adopted at the current meeting.

"It will lend support to and complement the decision that is going to be achieved at the London meeting," he said.

Abdullah has said that the London meeting is important because this is the second step taken by the big powers after the peace agreement in Dayton.

"Malaysia is happy because an immediate step has been taken to implement and enforce the agreement," he said.

The peace agreement will be signed in Paris on 14 December before NATO deploys its enforcement forces to implement the peace agreement four days later.

Abdullah has also said that Malaysia hopes the decision to be achieved at the London meeting will be implemented justly and effectively.

Cambodia

Hun Sen Agrees to Appeal for Sirivut's Exile

BK1212123995 Hong Kong AFP in English
1225 GMT 12 Dec 95

[FBIS Transcribed Text] PHNOM PENH, Dec 12 (AFP) — Cambodian co-Premier Hun Sen on Tuesday quickly accepted a request from King Norodom Sihanouk to exile the monarch's jailed half-brother, who has been charged with plotting Hun Sen's assassination.

"I wish to follow fully your majesty's humble idea that has been raised in your majesty's message with respect and fidelity....," the Second Prime Minister said in a letter to the king.

In the letter, Hun Sen said he understood the king's position and called the situation "sorrowful." The co-premier's reply was released just hours after King Sihanouk asked him to grant Prince Norodom Sirivut a "semi-pardon" and allow him to live in exile in France.

"Allow to me to humbly ask your excellency for your compassion for Norodom Sirivut's three young children and a semi-pardon for my younger brother Norodom Sirivut, under which he would be deported from Cambodia and sent into exile in France," the king said in an unusually deferential letter to Hun Sen.

Prince Sirivut, a former foreign minister and the secretary general of the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] party, has been jailed since November 21 charged with terrorism, attempting to overthrow the government and criminal conspiracy.

If convicted, he faces life in prison. The case has drawn international attention as several officials of foreign

governments and human rights groups have condemned the arrest, calling the prince a "political prisoner."

Prince Sirivut has denied any wrongdoing, complained of threats against his life and repeatedly said he wants to remain in Cambodia to stand trial. But the king said he would convince the prince "to start a new life in France."

French embassy officials declined to comment saying they had not yet been consulted about the proposal.

However, several diplomatic sources familiar with the situation said France would be likely to accept the prince because his wife, Christine Alfsen-Norodom, and children are French citizens.

"I don't think this would pose a problem," said one.

Christine Alfsen-Norodom, who last visited her husband on Saturday, said she could not speak for her husband but that she was not aware that Prince Sirivut had changed his mind about wanting to stay in Cambodia.

"He has said 'I came back to live and die in Cambodia'," the prince's wife said.

She pointed out that he had rejected warnings from several high-ranking FUNCINPEC officials prior to his arrest that he would be killed if he did not leave the country.

"I honestly have no idea what he will say, this is a matter between the king and my husband. I know my husband is totally devoted to the king, but I don't know."

The king noted that Prince Norodom Chakrapong, one of his five surviving sons, is already living in exile in France for his role in a botched coup attempt in July 1994.

Hun Sen demanded Prince Sirivut's arrest after uncovering evidence — including a taped telephone conversation in which the prince says "I will kill Hun Sen" — that allegedly implicated him in an assassination plot.

In his letter the king said Prince Sirivut's words, which many close to the prince think may have been an inappropriate joke, were "unfair, unjustified and unexcusable." But the king appealed to Hun Sen as a "great pillar" of Buddhist virtue to pardon people's faults.

It was unclear Tuesday if or when the prince might be consulted about the king's exile proposal, which according to legal experts was unusual because as head of state, he has the right to grant the prince an amnesty.

"I'm not sure what the basis for this request is," said one human rights official.

Article Views 'Political Climate of Fear'

BK1012120995 Bangkok THE SUNDAY NATION
in English 10 Dec 95 p A4

[Article by Michael Hayes, publisher and editor in chief of the PHNOM PENH POST: "Cambodia's Political Climate of Fear: What's Next?]

[FBIS Transcribed Text] Second Prime Minister Hun Sen is worried about being assassinated. Prince Norodom Sirivut's been stripped of his Parliamentary immunity and arrested for allegedly plotting to kill Hun Sen, and the tanks are back in their barracks (for now).

These are the bare facts. But the key questions everyone's wondering about are who's really doing what to who, and what happens next?

Equally important, and as an indication of the level of tension that surrounds current Cambodian politics, is the fact that people from all walks of life, and of whatever political stripe or organizational affiliation — be it domestic or international — are extremely frightened of talking about politics, especially to journalists. Conversations are held in hushed tones with furtive glances over the shoulder, mobile phones are shut off or, in the case of embassies, confiscated before you enter the premises, and suggestions are often made to take a walk outside for fear of hidden bugs in people's homes or offices.

In short, with the latest political chess moves by Hun Sen, students, NGO [nongovernmental organization] workers, intellectuals, human rights activists, diplomats, journalists, political party members from both the old alliances and the new ones, civil servants and even cyclo drivers are afraid.

People aren't afraid to walk about town because security, at least in Phnom Penh, is not a problem. But they're afraid to say what they think — especially in public among people they don't know.

At the very least, it's clear that "Phnom Penh Spring" of 1993 — with the exuberant flush of successful elections and the advent of noble ideals enshrined in a new constitution — has devolved in just over two years to a level of anxiety and abuse of power that has innocent people running scared.

Much of this is not new. In fact, the trend since early 1994 has been both obvious and ominous. Editors killed in broad daylight, MPs pressured to vote the way they're told and grenade attacks against political party or newspaper offices have become the staple of political life since the departure of the United Nations Transitional Authority in Cambodia (UNTAC).

Moreover, death threats, it seems, have become as ubiquitous as New Year's greeting cards. The fear of receiving one is even more widespread.

Equally disturbing are the regularly proffered commitments with full investigations into criminal acts which somehow never conclude with convictions of culprits involved. Do we know yet who killed Nuon Chan or Tou Chom Mongkol, who threw the grenade at Son Sann's office or why villagers — who were easily identifiable and are probably still boasting openly about the attack — were allowed to trash the offices of Sereipheap Thmei?

The alleged plot to kill Hun Sen has triggered much debate on these subjects, especially since the premier's fear of assassination caused him to call out the tanks, which rumbled up Norodom Boulevard on the night of Nov 17 and then fanned out around the Independence Monument.

But the larger questions that have everyone speculating — albeit nervously — and which have the rumour mills working around the clock are whether or not the threat to Hun Sen is real. If so, who's behind it; if not, what is Hun Sen up to?

In a broad, informal opinion survey of current and former Cambodian People's Party (CPP) officials, human rights and NGO workers, MPs, diplomats, Cambodia watchers and the general public, the consensus is that Hun Sen does indeed have reason to fear for his life, that he has enemies both inside and outside his own party and that there are several if not numerous precedents for his fears of a plot against him.

But there is wide disagreement on the nature of the current move, if any, against him. One observer said Hun Sen had definite information "of a movement against him within the CPP" which caused him to call out the tanks and arrest Sirivut, using the prince as a scapegoat to deliver a show of force to multiple potential threats.

Added one official: "Hun Sen comes from a history where if someone says they're going to kill you, he believes it."

A former CPP official speculated that "CPP party members are concerned about Hun Sen's clumsiness in dealing with power. The Sirivut case could force a split within the CPP. Up until now mistakes and disagreements have been overlooked and/or forgotten but now things could change... (Hun Sen's) methods are archaic."

Whether or not the Chea Sim/Sar Kheng side of the CPP is at the breaking point with Hun Sen is only a

matter of vague speculation. However, several sources say Hun Sen was recently infuriated with Sar Kheng because of the latter's refusal to prevent the launching of Sam Rangsai's new political party on Nov 9, and that Sar Kheng's latest rebuff to a Hun Sen order was one of many serious disagreements between the two senior CPP officials.

Others deny that a party split would ever happen, arguing that the CPP, in spite of any differences, would hold together at any price. Said one diplomat: "We don't have to exaggerate the struggle within the CPP. It's not at the same level (as that) within FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]. With their communist training, (the CPP) will preserve as long as possible its unity."

Many sources said Prince Sirivut was only a pawn in a larger game, that Hun Sen was taking an opportunity to move against one of his opposition critics and that the move was designed to further damage the unity of FUNCINPEC.

Overall, Sirivut is generally regarded by those who know him as an individual who resigned his post as foreign minister on principle and who retained his position within FUNCINPEC because of his desire to work within the party for reform.

However, it was said by several sources that Sirivut had been joking privately about "killing Hun Sen" but that, as one diplomat said: "There are profiles of killers. I don't think (Sirivut) fits the profile of a killer. But what we should ask ourselves is whether (Hun Sen) is using this joke to finish Sirivut off, or does Hun Sen really believe that he wants to kill him."

Said another diplomat: "Sirivut was completely tricked... He's playing with politics without realizing it's very serious. Hun Sen is not playing."

If there is one point on which most observers agree it's that Hun Sen is a consummate political tactician who spends most of his time keeping three steps ahead of both his allies and his opponents. One source said that Hun Sen has repeatedly outsmarted even his own critics within the CPP. Because of his charisma as a public speaker, because of his foresight in thwarting moves against him, and because of his skill as a political manipulator, the premier had managed to rise to the top and stay there.

"There is no secret," said one diplomat, "the one who runs the country is the one who works for it. Hun Sen is in charge, "because he's working day and night".

A party member within the current coalition added cynically, "What does Hun Sen want — money or

power? I ask you. He has money, so it must be power. You saw what he did to the BLDP [Buddhist Liberal Democratic party], so now it's FUNCINPEC."

Sadly, international donors bemoan the fact that so much time is spent by senior government officials on sorting out squabbles between political factions that the work of government is not getting done.

"What's this doing to the development process?" asked one official, referring to political infighting of recent months. "Nothing ever seems to get done that's home-grown." He added that most efforts to help the rural poor were being driven by foreign NGOs and that government bureaucracies were making little progress in acquiring the capability to plan and implement development schemes on their own that would benefit the nation.

As far as the question "What's next?" fears are widespread that things can only get worse. For Sam Rangsai and his Khmer Nation party [KNP], the fear is that even if the government officially recognizes the party, when it tries to organize outside Phnom Penh, its workers will be intimidated, if not killed outright. One KNP worker is already dead; more are likely to follow.

Khmer Rouge Claims Capture of Government Base
BK1012135895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1130 GMT 10 Dec 95

[FBIS Translated Excerpt] The following is a report on the smashing and total occupation of the Bar base [in Battambang Province] and its 13 defensive networks and the complete destruction of the 2d Division's 46th and 5th Regiments. [passage omitted — previous attacks on the base]

On 8 December, our National Army and people launched a final attack on the Bar position and its networks from all directions. We destroyed and completely occupied the position and networks, killing 50 enemy soldiers and wounding over 50 others. Many of the more than 100 soldiers of the 46th Regiment who survived were killed or wounded when they ran away across our mine and punji fields.

It should be noted that the Bar position and its networks were an enemy strategic stronghold with nearly 500 troops stationed there. [passage omitted calling on government soldiers to desert]

Indonesia

U.S. Position on ASEAN Nuclear Treaty Viewed

*BK1212110795 Jakarta KOMPAS in Indonesian
12 Dec 95*

[Editorial: "U.S. Rejection of SEANWFZ Highlights Debate on Nuclear Weapons" — received via Internet]

[FBIS Translated Text] Debate about nuclear weapons is usually interesting, as is the current debate specifically triggered by the U.S. rejection of the Southeast Asian Nuclear Weapon-Free Zone [SEANWFZ] Treaty.

The treaty, which has emerged after years of consideration dating back to 1975, is now in the final stage and is ready for signing. The leaders of the seven ASEAN members plus Burma, Cambodia, and Laos are scheduled to sign it in Bangkok, Thailand on 15 December.

The essence of the treaty is very simple. The treaty bans the ownership, production, and development of nuclear weapons but gives vessels or aircraft from other countries — with or without nuclear weapons — the right of innocent passage through the region. The treaty requires the 10 Southeast Asian countries to comply with international nuclear safety standards in the development of nuclear energy for peaceful purposes in any of these countries.

Realistically, the treaty contains a protocol that basically reflects the hope of the Southeast Asian countries that the five elite nuclear powers (the United States, France, Great Britain, Russia, and the PRC) will accede to the treaty. There has been longstanding concern that the SEANWFZ concept will be difficult to realize if the five nuclear powers do not honor the consensus reached by the Southeast Asian countries. Strategically located in the Asia-Pacific region, Southeast Asia attracts various big powers trying to assert their influence in the region.

There are obstacles due to the clear opposition to the treaty of the United States and the PRC.

The United States, which considers itself the world's policeman, believes that the SEANWFZ Treaty will restrict the movement of its nuclear-powered vessels in Southeast Asia. The United States is also trying to legitimize the freedom of movement in Southeast Asia because it is a Pacific power. U.S. nuclear military vessels must pass through Southeast Asian waters. As a matter of fact, U.S. superiority partly lies in its military power. Thus, the banning of stopovers in Southeast Asian waters is tantamount to reducing its superiority.

The PRC has indicated its objection to the SEANWFZ Treaty based on a different argument. The basis of the PRC's objection is that part of the nuclear-free zone under the jurisdiction of a number of ASEAN countries

overlaps Beijing's 200-mile exclusive economic zone. The PRC's 200-mile exclusive economic zone creates a problem because it converges and even overlaps with the territorial waters of a number of ASEAN countries. The problem will become more complicated if it is linked with the dispute over the Spratly Islands. A number of ASEAN countries have included the Spratly Islands in the nuclear-free zone, but the PRC will certainly oppose it.

Given the U.S. rejection and the PRC objection to the SEANWFZ Treaty, we conclude that the efforts of the Southeast Asian nations to establish a nuclear-free zone will be difficult.

The United States and other elite nuclear powers have repeatedly called for nuclear disarmament. Is the SEANWFZ Treaty not a concrete step toward nuclear disarmament? We feel that the big powers are not consistent on the issue of nuclear weapons. The United States has frequently stressed the importance of nuclear disarmament, yet that country and the other big powers are the largest producers and sellers of arms, especially to developing countries.

Calls for peace have been repeatedly echoed by developed countries, but they are nothing but rhetoric. Arms production continues at a higher level of sophistication. The developing countries, which are prone to conflict and face many security problems, must spend a huge amount of their funds on armaments rather than development. Indeed, the developed countries have created the frenzy over armaments because arms sales are a lucrative business. Many developing countries have been trapped. We assume that the development process in developing countries would be better if funds were allocated primarily for socio-economic development rather than armaments.

We see the arrogance of the elite nuclear powers. They feel they have the right to develop nuclear weapons while barring other countries from doing likewise. A reasonable question has frequently come up: What gives the big powers, but not others, the right to possess nuclear weapons? As a matter of fact, discrepancies exist in many fields. Economic, political, and cultural domination by the developed countries has been strongly felt. Thus, the demand that a new world order be established is becoming more urgent. How can the desire be realized?

Protesters Go From Russian Embassy to Police

*BK0912103795 Jakarta Radio Republik Indonesia
Network in Indonesian 0600 GMT 9 Dec 95*

[FBIS Translated Text] The 57 demonstrators and East Timor sympathizers who had occupied the Russian

Embassy compound in Jakarta since Thursday finally left the premises yesterday afternoon. They left in a large bus and were taken to the Jakarta Police Headquarters.

Ghaffar Fadyl, Foreign Affairs Department spokesman, said in Jakarta that the demonstrators and sympathizers were brought to the police headquarters for questioning. If they are found guilty of any criminal act, they will be detained. They will be released, however, if they are found not guilty. Fadyl also said he had no knowledge of who supplied the bus to transport the demonstrators. He said the bus appeared seconds after Princen, head of the Indonesian Institute for the Defense of Human Rights, visited the Russian Embassy and talked to the demonstrators.

[Hong Kong AFP in English at 0644 GMT on 9 December in a similar report adds: "Lawyers were barred Saturday from meeting more than 50 protesters who spent the night being questioned by police after their two-day occupation of the Russian embassy in support of East Timor's independence. 'I was not allowed to see them,' said Johannes Princen, who assisted the protesters' departure from the Russian embassy Friday. He also said lawyers from the Legal Aid Institute, who were denied access to the protesters late Friday, were barred a second time Saturday. Princen said Indonesian authorities had promised the protesters would be taken to the legal aid offices when they voluntarily left the embassy but were taken to police headquarters instead.

"A second group of 58 protesters remained in the Dutch embassy compound Saturday and Dutch diplomats criticised authorities for taking the Russian embassy group to police headquarters. 'The formula at the Russian embassy did not work and this is a lesson for us,' said Dick den Haas, second in charge at the Dutch embassy. Den Haas said there was still no clear solution, but the embassy would try to 'negotiate a decent way out' for the protesters Saturday."

[The agency continues: "They (the protesters) are all fine. We are waiting for developments," said an officer at the police headquarters' detective department, who declined to give his name. The policeman on duty said those in custody were given food and water overnight and managed to get some sleep. He did not say how many were in custody. Russian diplomats said the protesters number 57 while Princen, who heads the Indonesia Institute for the Defence of Human Rights, said there were 58."]

Police 'Will Not Detain' E. Timorese Protesters

BK0912132995 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 9 Dec 95

[FBIS Translated Text] The police will not detain the 57 East Timorese youths, who broke into the Russian and Dutch Embassy compounds in Jakarta. [sentence as heard] They had been taken to Jakarta Police Headquarters.

Major General M.D. Hutagalung, deputy chief of operations of the national police, told this to journalists in Jakarta today. He said the youths will be released after they have been questioned as to who was behind the incident. On the possibility that the youths will be charged with trespassing, Hutagalung said the police have no authority to press charges against them. The Russian and Dutch Embassies have full authority to deal with them.

Dutch Embassy Protesters at 'Unknown' Location

BK0912135595 Hong Kong AFP in English 1358 GMT 9 Dec 95

[FBIS Transcribed Text] Jakarta, Dec 9 (AFP) — A group of protesters holed up in the Dutch embassy for two days were taken Saturday from the embassy compound to an unknown destination in two buses flanked by military motorbikes and seven police cars.

The protesters, who looked tired, gave victory signs and raised their fists in the air in defiant salutes. Another demonstrator had to be carried to the bus by his friends.

Dutch diplomat Theo Peters accompanied the protesters on board the first bus.

At least 10 police were inside the compound and one policeman was seen carrying a basket for the protesters.

Military officials at the gate declined to comment on where they were being taken.

Sources who took part in the four-hour negotiations said the East Timorese protesters had asked for asylum, but Dutch ambassador Paul Brouwer told them it was too late. He said they should have asked earlier.

Police Question Protesters From Dutch Embassy

BK1012091195 Hong Kong AFP in English 0855 GMT 10 Dec 95

[FBIS Transcribed Text] Jakarta, Dec 10 (AFP) — Police on Sunday questioned 58 East Timor independence supporters after they ended a three-day sit-in at the Dutch embassy having again turned the international spotlight on the troubled territory.

As the group were interrogated after securing a safe-passage agreement, the Indonesian government defended its record in East Timor against an attack by the Portuguese President Mario Soares.

"They are still under questioning, it is not over yet," a duty officer at the South Jakarta police station told AFP.

The officer said all the protesters appeared "in good health" except for one man who was suffering from "a cold." Dutch embassy sources said 13 of the protesters were ill or suffered injuries in clashes with pro-government demonstrators who broke into the embassy Thursday.

A total of 116 demonstrators, some East Timorese, broke into the Dutch and Russian embassies last Thursday, the 20th anniversary of the Indonesian invasion of East Timor.

There were confrontations at both embassies with pro-government protesters. The demonstrators at the Russian embassy left thinking they would be taken to the Legal Aid Institute, a non-governmental organisation, and were surprised to be taken to Jakarta police headquarters for questioning. But they were all released.

Those in the Dutch embassy left voluntarily for the South Jakarta station.

A Dutch diplomat, Theo Peters, accompanied the 58 to South Jakarta police station Saturday. But he declined to comment.

Diplomats said however that Foreign Minister Ali Alatas had given a guarantee that they would be released after questioning.

The protestors at the Russian embassy came out a day earlier and were released after spending 24 hours in police custody at Jakarta police headquarters.

"They were all released and allowed to return home," human rights activist Johannes Princen, who assisted their departure from the Russian embassy, told AFP.

The foreign minister has criticised the demonstrators for being "insincere" and only seeking "cheap publicity."

Alatas has also angrily criticised Portuguese President Mario Soares who made an outspoken attack on Indonesia's occupation of East Timor and its human rights record during a trip to Macau.

Alatas said Soares was also trying to secure cheap propaganda points by calling Indonesia a dictatorship.

"I hope that the people of East Timor exercise their right to self-determination to see if they can achieve independence," Soares said Saturday. His comment came one day after he blamed a lack of discussion

on the former Portuguese colony on Indonesia being "a dictatorship."

Alatas replied: "The accusation and offensive remarks by President Soares are groundless and wholly uncalled for. It is a typical attempt at securing cheap propaganda points," Alatas said in a statement.

He said Soares' attack reflected the ill intentions of Portugal over a settlement for East Timor.

Jakarta annexed the former Portuguese colony the year after its invasion. But the United Nations still considers Portugal the legal administrator of East Timor and Indonesia's actions in the territory draw regular international criticism.

The latest embassy demonstrations coincided with a visit by UN High Commissioner on Human Rights, Jose Ayala Lasso.

Ayala Lasso told a press conference at the end of the visit, which included a two-day trip to East Timor, that he was aware of the demonstrators' request to meet him but said his tight schedule did not permit it.

He said however, he believed all cases should be resolved in a peaceful matter.

The embassy demonstrators demanded self-determination for East Timor, the withdrawal of Indonesian troops and the release of all political prisoners in the troubled enclave.

But unlike 43 East Timorese youths who have stormed into several foreign mission here since end of September, they did not demand asylum. The Indonesian Government says that a council of East Timorese chiefs voted in May 1976 for integration with Indonesia.

Demonstration Against Australian 'Interference'

*BK1212130695 Jakarta ANTARA in Indonesian
1209 GMT 12 Dec 95*

[FBIS Translated Excerpt] Jakarta, 12 Dec (ANTARA) — About 100 youths belonging to the East Timor Youth Committee demonstrated outside the Australian Embassy in Jakarta on Tuesday to protest the recent burning of Indonesian flags in Australia and that country's interference on the East Timor issue.

Fifteen of the East Timorese youths jumped over the embassy fence and unfurled banners, some of which said: "Ramos Horta — Traitor; East Timor — Indonesia's 27th Province; and the National Council of Maubere Resistance (CNRM) — A Big Liar."

Most of the youths were inside the embassy for only a few minutes before policemen got them out. Three of the

youths remained inside and asked to meet Ambassador Alan Taylor. The three youths were received by an embassy official because Taylor was absent.

The East Timorese youths, who were wearing red and white headbands, said they are students and workers in Surabaya, Malang, and Yogyakarta.

"They handed over a statement and demanded that it be relayed to the ambassador," Australian Embassy spokesman John Milne told ANTARA.

The statement said, among others, that the East Timor Youth Committee cannot tolerate foreign interference in Indonesia's internal affairs. [passage omitted on flag burning incidents in Australia]

Meanwhile, John Milne said the embassy had verbally registered its concern with the Department of Foreign Affairs over the action of jumping over the Australian Embassy fence.

"We are in fact concerned with the action (jumping over the fence), but we have not demanded additional security," he said.

Media Release Alleges Mistreatment of Protesters

BK1112115495 (Internet) INDONESIA Listserv
in English 11 Dec 95

[*"Media Release"* issued by the National Council of Maubere Resistance on 11 December; place not given]

[FBIS Transcribed Text] The escape from detention by Indonesian authorities on Sunday night (10 December) of Wilson, the leader of the PRD [People's Democratic Union] group of Indonesian supporters of East Timorese rights who had staged a protest action at the Dutch Embassy in Jakarta, has allowed the true story to emerge.

Wilson provided a detailed account of the experience in the Dutch Embassy of group of 29 Indonesian and 26 East Timorese who had entered the compound on Thursday 7 December to protest against the 20-year illegal Indonesian occupation of East Timor, demanding a resolution of the problem. Excerpts follow.

On Saturday morning, protesters were transferred to the second floor of the embassy, after government-supported thugs, like those who had invaded the embassy on 8 December, reappeared outside the gates armed with knives, metal rods etc. The embassy staff took much fright from the clear sympathy shown to the thugs by the Indonesian police and military guarding the embassy.

By 1300, the protesters were told by Political Counsellor Mr Hoek that the Ambassador and the Dutch Foreign

Minister would not tolerate the demonstrators to remain in the embassy, and that they would be evicted in order to safeguard the security of the embassy staff. In response, the protesters started a hunger strike, demanding the embassy to guarantee their security.

At 1800 the protesters were met by Human Rights lawyer Mr Princen, the Dutch Ambassador, the Political Counsellor, and a Indonesian Legal Aid lawyer, Mr Rambun. They asked the protesters to leave, saying they would guarantee their security. Given the fate of those who had believed 'security guarantees' at the Russian Embassy earlier, they refused to accept.

At 1900 the Dutch Ambassador with the Political attache, accompanied by a large group of Indonesian military and police faced the demonstrators, asking that they leave "voluntarily". They decided not to. After this, the Ambassador opened the embassy gates to Indonesian riot police and military intelligence operatives, who forced the protesters into waiting buses.

Having no other alternative, the 55 youths left under full police escort to police headquarters in South Jakarta. A Dutch Embassy official, Mr Theo Pieters, accompanied them, leaving them shortly after they reached their destination around 2000.

Throughout the night all group members were photographed, finger printed, and statements were taken. No food was supplied. The next morning, the activists staged a small ceremony on the occasion of human rights day.

At 1100, they were charged as suspects under section 167 of the Indonesian penal code (carrying maximum 4 year jail penalty), after being threatened with a subversion charge (carrying life penalty). Some among them, particularly leaders Wilson and Puto, were tortured with burning cigarette butts during interrogation.

After being charged, the group continued to be held for further interrogation until evening time.

At 2000, (at the end of the legal 24 hour detention period), Mr Pieters of the Dutch Embassy reappeared to witness the group's alleged transport by bus to Pulo Gadung bus station, from where they were supposedly going to be sent home. The youths were not happy about being taken away in this manner, and asked Mr Pieters to accompany them to the bus terminal. He refused.

At this point, group leader Wilson escaped from the bus, and was immediately chased by intelligence personnel. He managed to avoid them and reach safety. Nothing further has been heard from the remaining group members, and it is feared they have been taken to Barkostanas [Coordinating Agency for the Strengthening of

National Stability] or BIA [Armed Forces Intelligence Agency] military intelligence headquarters for further questioning. Such questioning is notorious for the extensive use of torture.

CNRM [National Council of Maubere Resistance] deplores this sequence of events, and asks international human rights agencies to take all appropriate actions to protect the East Timorese and Indonesian activists from further mistreatment and torture. It demands that the Dutch Embassy assumes responsibility for its regrettable handling of this tragic affair, seeking to locate the 54 missing youths, and monitoring their situation so as to protect them from the usual well documented violence of Indonesian military authorities.

Resistance Kills 'at Least' 30 Indonesian Soldiers

LD0812234795 Lisbon RDP Antena 1 Radio Network in Portuguese 2300 GMT 8 Dec 95

[FBIS Translated Excerpt] The armed wing of the East Timorese resistance, FALENTIL, killed at least 30 Indonesian soldiers last week. The clash took place following a recent build-up of Indonesian troops in the east of the territory. More details from Antonio Sampaio:

[Sampaio] According to an East Timorese source, at least 30 Indonesian soldiers were killed by the East Timorese FALENTIL forces on 1 December in [Iliomar], East Timor. [passage omitted]

An undisclosed number of FALENTIL men ambushed and killed the Indonesian soldiers seizing their weapons and ammunition. The region in question is very densely forested and lies between Los Palos and Viqueque. The source also said that the FALENTIL forces suffered no losses and termed the operation a success.

New Military Officers Profiled

BK1112162095 Jakarta GATRA in Indonesian 25 Nov 95 pp 26-29

["Text" of Main Report entitled: "Those Selected from the Tidar Valley" — Several 1970's graduates of the Military Academy will begin holding key posts in ABRI. They are holders of bachelor's and master's degrees. Who are they?]

[FBIS Translated Text] News broke out two weeks ago that Colonel Prabowo Subianto will head Indonesia's Special Forces Command (Kopassus) in December. Actually rumors about the matter had been spreading since the second quarter of this year. With this, the three pips on the shoulders of President Suharto's son-in-law will certainly be replaced by a star. The issue in question is that the job [preceding word in English] that has been

assigned to him is meant for those holding the rank of brigadier general.

Prabowo is being promoted to replace Kopassus chief Brigadier Subagyo Hadi Siswono, who will be assigned to head the fourth Diponegoro Military Region Command. On 1 November, Susilo Bambang Yudhoyono, a graduate of the Tidar Valley-based Military Academy (Akmil) in 1973, became the first member of the batch to assume the rank of brigadier general.

The rise of Subagyo (Akmil 1970), Prabowo (Akmil 1974), and Bambang Yudhoyono (Akmil 1973) is clearly showing there will be a drastic change in the list of ABRI's [Armed Forces of the Republic of Indonesia] high-ranking officials. It looks like they are going to emulate their seniors from the 1968 batch. Therefore, one high-ranking ABRI officer calls the 1968-1974 batches as one generation.

Major General Wiranto, current commander of Jakarta Metropolitan Military Command, is the star of this generation. It seems that the new faces who are products of the Tidar Valley in Magelang during the 1968-1974 era will become more dominant. Moreover, the senior officers of the 1970's batch possess many special qualities. They were admitted to the Armed Forces of the Republic of Indonesia Academy (Akabri) [old name for Akmil] in 1966, in the beginning of the New Order Government. At that time, ABRI's popularity among the people was at its highest. The majority of the ABRI cadets were former youth activists who were opposed to the PKI [Indonesian Communist Party]. Most of them come from what was then called the educated-middle class urban society. Thus, not a few were graduates with bachelor's and master's degrees.

Several ABRI cadets of the 1968-1974 batches have assumed, and some have the potential to be promoted to senior ranks. Their career can be called a upward-moving one. Their promotions stagnated a bit usually when they held the ranks of major and colonel. At this stage, they needed between five and eight years to be promoted, and as happened in the 1980's.

Among the personnel that have been promoted to senior ranks are as follows:

Maj. Gen. Wiranto, 48.

As of 1994, the name Maj. Gen. Wiranto, was popular among the people of metropolitan Jakarta. He came into the limelight when he was appointed as the commander of Jakarta Metropolitan Military Command. Like his predecessor, Maj. Gen. Hendro Priyono, Wiranto always mingles with the people. His initiative to "educate" the hooligans was warmly welcomed. He was given the

merit for ensuring the success of the National Discipline Movement program, initiated by President Suharto last May, by involving 2,000 personnel. The program, which was carried out until two weeks ago, was also participated by 15,000 national development cadres. Born on 4 April in Yogyakarta, Wiranto graduated from the Akmil in 1968, where he was a prominent student. He was in the same batch as Brig. Gen. Sutyoso and Brig. Gen. Agum Gumelar, who became the first military region commander. Wiranto began his military career as a platoon commandant in 1968. Like his other fellow graduates, the career of the father of three from a platoon to a battalion commandant, proceeded smoothly. However, Wiranto, who was also a Law College graduate, needed seven years to be promoted from the rank of lieutenant colonel to colonel (1982-1989).

Wiranto's future was bright following his appointment as a military adjutant to President Suharto (1989-1993). Like seniors who had been the president's adjutants, Wiranto was in a strategic position that enabled him to move on to a higher rank, being the Jakarta Metropolitan Military Command chief of staff in March 1993. Twenty one months later, he became the commander of Jakarta Metropolitan Military command. At the same time, he graduated with a bachelor's degree from Indonesia's Open University.

Wiranto is an outstanding military commander. For example, he was one of the top students for a course he attended at the National Defense Institute in 1995. So, with such a qualification, Wiranto has a great chance to rise to higher ranks. He will probably assume the post of commander of the Army Strategic Command or deputy Army Chief of Staff. Certainly, there should not be obstacles against him moving forward in his career.

Brig. Gen. Kivlan Zein, 49.

Another shining star from the Akmil 1971 batch is Kivlan Zein, a native of Minangkabau who graduated from a higher secondary school in 1965. Kivlan has assumed 20 different positions in the military, but the majority of them have been in the commando force. He began his career as a platoon commandant in 1971, a platoon leader of the 753 Army Battalion in 1973, and later became a battalion commander. Kivlan completed his course at the Army Command and Staff College in 1990, and assumed the post of Army Strategic Command's First Division chief of staff in 1995. Kivlan currently serves in the Philippines as the leader of the Garuda 17 Contingent.

Kivlan, a former activist of the Indonesian Youth and Students Action Front, can be said to have a straight career in the military. As a matter of fact, it took him

only 18 months to be promoted from colonel to brigadier general although he remained a major for six years in 1981 and seven years as a lieutenant colonel. He was promoted to lieutenant colonel while serving in East Timor Province. He became a colonel in 1994.

Brig Gen. Subagyo Hadi Siswoyo, 49.

Subagyo is apparently the most senior officer among the 1970's batches in ABRI. The upcoming commander of the fourth Diponegoro Military Region Command is a native of Yogyakarta. He will fill the post vacated by Maj. Gen. Yusuf Kartanegara.

Subagyo joined the Akmil in Magelang upon graduating from a higher secondary school in Yogyakarta in 1966. A year after his graduation from Akmil in 1970, he became an army platoon commandant, and rose steadily through the ranks. He has been given two special promotions; the first was accorded to him he was serving in East Timor, and the second after he secured the release of Indonesia's Garuda aircraft hijacked at Don Muang Airport in Bangkok. With this, he was major for only one year only before he was promoted to lieutenant colonel.

Subagyo also experienced hard times when he was selected to fill a post in the Presidential Guard. He remained at the rank of lieutenant colonel for eight years while serving in this unit. In the meantime, he managed to complete his course at the Army Command and Staff College in 1984. He was promoted to the rank of colonel in 1988 when he was the commandant of Group A of the Presidential Guard.

In 1993, Subagyo held the post of first assistant of D-2 [not further specified] of Directorate D [not further specified] ABRI's Intelligence and Strategic Service. In the following year, he was transferred to become the Army code security chief. Since August 1994, he has been entrusted with the post of commander of the Special Forces Command holding the rank of brigadier general.

Brig. Gen. Ismed Yuzairi, 46 years.

Born in Minangkabau, his military career has been very smooth. Ismet's position changes almost every year, even though, sometimes, without a promotion. For about 16 years, his career was mostly tied up with the Air Traffic Force. Following his graduation at Akmil in 1971, he became platoon leader of 530 Airborne Battalion from 1972 to 1974 during which he took charge of the Malari Incident [rioting by students and workers in Jakarta on 15, 16, and 17 January 1974]. Following this incident, Ismet continued to assumed

various positions, and like his friends from the 1975's batch, Ismet joined the Seroja Operation in East Timor.

The highest position Ismet has held in the Airborne battalion was commandant of 305 Infantry Battalion of the 17th Infantry Brigade in 1986. In 1987, Ismet assumed the post of commandant of 321/13 Infantry Battalion of the Army Strategic Command. Meanwhile, he completed his course at the Army Command and Staff College. It took him seven years to be promoted to colonel. He was the assistant chief of operation at the Fifth Brawijaya Military Region Command in 1993. In 1995, he became the commandant of the 173 Military Area Command under the Seventh Trikora Military Region Command. About a year later, Ismet held the position of commander of the First Infantry Division of the Army Strategic Command with the rank of brigadier general. The position was previously held by his colleague at Akmil, Brig. Gen. Johnny Lumintang. Ismet is married to Febrina and has one son.

Brig. Gen. H. Fakhrl Razi, 48 years.

Fakhrl hails from Aceh, at the western end of Indonesia, and is an Akmil graduate of the 1970 batch. Since 1995, he has been deputy assistant of operations to the chief of the ABRI General Staff. He was promoted to the rank of brigadier general a month later.

A father of three, his military career looked bright after his education at the Army Command and Staff College in 1984. Then, he was intelligence chief of the [defunct] 12th Tanjungpura Military Region Command. A year later, he became the commandant of the 541 Infantry Battalion under the Sixth Tanjungpura Military Region Command, holding the rank of lieutenant colonel. In 1991, he was promoted to colonel.

In 1994, Fakhrl took a course at the ABRI Command and Staff College. After this he was promoted to brigadier general. He is married to Ida Farida.

Colonel Abdul Rakhman Abdul Gaffar, 46.

Among the 1972 batch of graduates of the Military Academy, Abdul Rakhman was frequently mentioned as a graduate with the potential to become a high-ranking military official. He is currently only a step away from achieving such a position. This commander of the 072 Military Sub-Area Command in Pamungkas was recently promoted to colonel last April.

Gaffar, who was born in Pamekasan, Madura, on 20 March 1949, graduated as a second lieutenant from the Military Academy. Three years later, he rose to the rank of first lieutenant and then to captain. However, the career of the husband of Farida Kusuma, the daughter of Kholil Badawi, a PPP [United Development Party]

stalwart, was at a standstill in 1983. Evidently, Abdul Rakhman had to wait for another seven years to be promoted to lieutenant colonel in 1990. However, the way was clear for him after he received his promotion. He was again promoted, this time to colonel after graduating from the ABRI Staff and Command College in 1994 and also after graduating from the State Administration College in 1989.

Gaffar, (whose is 180 cm tall and weighs 83 kgs) has served outstandingly in various fields. For example, he participated in an operation launched in 1973 against the PGRS/Paraku [Sarawak People's Guerrilla Force/North Kalimantan People's Army] and Operation Seroja in East Timor in 1977. Nonetheless, Abdul Rakhman, who is a state administration alumnus of the Open University, considered his duties only routine. In a statement to GATRA correspondent Joko Syahban, Gaffar said: "I am only following orders. Yes, after completing my final duty as the commandant for the concluded Indonesian National Day anniversary, I would probably be appointed as a military commander." Speaking further on his duties abroad, he stated that he served two terms in Malaysia, in 1993 and 1994. He also served twice in Singapore and Myanmar [Burma] in 1994.

Brigadier General Susilo Bambang Yudhoyono, MA [Master of Arts], 46

Susilo Bambang Yudhoyono, the military official who graduated from the Military Academy in 1973, has been frequently referred to as ABRI's rising star particularly this year, given the fact that he has risen to the rank of a one-star general. Evidently, his performance outshone those of his colleagues. Given his seniority among the 1972 graduates, no one has been promoted to a higher rank.

Bambang's star shone brighter when he was selected to serve in Bosnia. Bambang, who is the son-in-law of the late Lieutenant General Sarwono Edhie, commandant of the RPKAD [Army Para Commando Regiment] during the ruthless G-30-S/PKI [30 September Movement of the Indonesian Communist Party] uprising, was appointed chief military observer of the UN peacekeeping force. The UN group comprises a number of high-ranking military personnel from Europe, Asia, and the United States. Bambang said: "I hope and pray that I will be able to discharge my duty successfully." He began his duty in Bosnia in November at the rank of brigadier general.

Bambang, who was born in Pacitan on 9 September 1949, rose speedily through the ranks, given with his numerous experience and duties which he completed while serving abroad, first in the United States and

ending in Thailand. He has a distinguished service record — namely his involvement in Operation Seroja in East Timor in 1976 when the territory's political leaders decided to integrate the island with Indonesia. He was then only a one-star lieutenant attached to the 305 Infantry Battalion's Frontline Platoon. He was again posted to East Timor in 1979 and 1986 respectively.

Apart from concentrating on his military obligations, Bambang also had the opportunity to study business management. He holds a Master of Arts degree conferred on him by University of Webster [name as published] in the United States in 1991.

Brigadier Zacky Anwar Makarim, aged 47

Unquestionably, Brigadier General Infantry Zacky Anwar Makarim has never appeared in the mass media. He is the chief director of the ABRI Intelligence Agency (BIA). As a military official, Zacky has never excluded himself from the numerous important military operations.

Born in Jakarta on 14 April 1948, Zacky began his career as Commander of the Taruna Platoon in 1972. Three years later, he was commissioned as a one-star lieutenant attached to the Paratroop Command and was actively involved in numerous operations. Just mention the operations launched against the Free Papua Organization (OPM) in Irian Jaya in 1976, 1979, and 1980. He was then a captain attached to the military intelligence.

Zacky was again posted to East Timor in 1978. He has served repeatedly in the youngest province from 1983 to 1989. After this, he was promoted to major and later to lieutenant general. He has so far been honored with six awards.

Zacky was promoted to a one-star brigadier general in March 1995, and is the chief director of BIA. Prior to this, Zacky, who has a daughter, had been deputy commandant of an intelligence unit of BIA since June 1994.

Colonel Syafrie Syamsudin, 43.

The stocky figure who is 175cm tall is well-known to those who keep track of presidential visits on television. Strong and stocky, and sporting a black suit, he is always present wherever President Suharto is. He is none other than Syafrie Syamsudin, the Group A commandant of the Presidential Guard. He attended and completed his training on low-intensive [preceding four words in English] terrorism in 1986. Syafrie was successful in preventing demonstrators from obstructing President Suharto at the Dresden Museum when the head of state was in Germany in April last year.

Soon after the incident, the 43-year old man from Makassar, was promoted to commandant of the 061 Bogor Area Military Command. This position is widely acknowledged to be a stepping stone to a brighter future for the Military Academy graduates who belong to the same group as Colonel Prabowo.

Syafrie began his military career as the commandant of the special services platoon in 1976. He also took part in Operation Seroja in East Timor. He was attached to the section for almost 10 years before being promoted in 1986 to deputy commandant of Group 1 special services of the 1st Battalion. Apart from discharging his responsibilities as a father of two children and husband to Etty Sudiaty, he was also deputy assistant of operations in 1991.

Syafrie underwent special tactical services training in the United States in 1985 and continued the training at the Infantry Commando Training School in 1988. He attended several training courses namely in air search and rescue; commando; jumpmaster; airborne; pathfinder and also in special intelligence strategy. He fared well in the local and foreign training courses he attended. Despite his heavy responsibilities, Syafrie was able to complete his masters in business administration, (MBA).

Since then, Syafrie had launched numerous successful operations. He also participated in Operation Seroja launched in East Timor in 1976 and Operation Mangala XXI launched in Aceh a year later. In 1984, he was posted to East Timor again to participate in Operation Candra XV. He was also included in the Maleo Team Three years later. Finally, he was again posted to East Timor in 1990 and was attached to the Task Force 86 team.

He was conferred six meritorious awards for his distinguished services and the most recent award was the coveted K.E.P Nararya III Star.

Syafrie's rise in his military career has been smooth. After graduating as a second lieutenant, he rose to become a first lieutenant three years later. Again, after three years, he was promoted to captain. The climb to the rank colonel is 10 years. However, he was promoted to colonel in the next three years. It was predicted that he would follow the footsteps of one-star general General Prabowo and would possibly become a one-star general.

GATRA had the opportunity to only collect a few military officers' names. Evidently, there are still a number of military officers with the potential to rise to higher ranks. Among them are Colonel Syamsul Muarif of the Surabaya Area Military Command; Colonel Mukhdi P.R. of the Jambi Area Military Command; East

Timor Military Regional Commander Colonel Mahidin Simbolon; and a number of other military officers.

Brigadier Slamet Kirbiantoro, 47.

Slamet Kirbiantoro graduated from the Military Academy in 1970 and is currently holding a high-ranking military position. Born on 18 March 1948 in Kutoarjo, Central Java, he has been the commandant of the ABRI Intelligence Service since June 1995. With his new appointment, his promotion to of Brigadier General came in only a month.

He did not get much publicity with his appointment in the intelligence service and his name was rarely mentioned. Moreover, all along his military career, he was mostly stationed at the 9th Udayana Military Region Command and away from the central authorities. At 166 cm tall and weighing 56 kgs, he has been with the 9th Udayana Regional Command for five years. He was the head of the Udayana Military Region Command's intelligence operations section, holding the position for only six months before taking over as the head of the 161 Military Area Command under the Udayana Military Region Command.

Slamet held the post of commandant of the Udaya Military Region Command's 1611 Badung Military Command in April 1986. He was promoted to deputy military district commander of an infantry regiment of the Udayana Military Region Command in 1990 and to deputy commander of the Udayana Military Region Central Regiment in 1992. His rank remained lieutenant colonel for a decade. His last promotion was in 1985 when he was promoted to commandant of the KY-2 [expansion unknown] of Group 4 of the Special Task Force.

Slamet, who is a father of three children, began climbing the military hierarchy when he began his duties in Jakarta as commandant of an infantry brigade and 3d Airborne Division of the Army Strategic Command (from 1992-1993). He was promoted to colonel in April 1993. After this, he was posted in the 6th Tanjungpura Military Region Command to be commandant of the Tanjungpura Military Region Central Regiment. After commanding the 101 Military Area Command, he was transferred to Jakarta in June 1995 to be commandant of BIA's intelligence task force, adding another star to his beret. Slamet only had to wait another two years to be upgraded to colonel.

Brigadier General Suaidi Marasabessy, SIP [MA in Political Science, 48.

Another new face among ABRI's high-ranking military officials is Suaidi Marasabessy. Suaidi, a native of

Maluku, East Indonesia, graduated from the Military Academy in 1971. He is the only soldier who has held 21 positions. It can be seen that Suaidi holds a new position every year.

Born in Ambon, Suaidi's rise in his military career began in 1972 when he was promoted to commandant of the 111 Platoon of the 3d Battalion's Cadet Regiment of the Headquarters Detachment. Since then he has held new positions every year. However, Suaidi, who has two sons, held three new positions in 1983 — all within the infantry. He rose through the ranks within a relatively short time, and had to wait for seven years before being promoted to colonel in 1993.

Suaidi was acting deputy assistant of operations to the army chief of staff in June 1995. A month later, he was promoted. Suaidi, who graduated from the Army Staff and Command College in 1984, received four awards for his distinguished services, namely: Lencana Seroja; Dwija Sista; and the Lencana Kestiaan [number of awards as published]. Despite his heavy responsibilities, Suaidi was able to obtain a degree in sociopolitical studies in 1995.

Laos

Welcoming Ceremony Held for Cambodian King

BK0812025395

[FBIS Editorial Report] Vientiane Vitthayou Hengsat Radio Network in Lao at 1200 GMT on 7 December carries a 10-minute report with recorded effects, of the arrival in Vientiane of King Norodom Sihanouk of the Kingdom of Cambodia and his delegation for a state visit at the invitation of His Excellency [H.E.] Nouthak Phoumsavan, president of the Lao People's Democratic Republic [LPDR].

Accompanying H.M. King Norodom Sihanouk were his wife Queen Norodom Monineat Sihanouk; H.E. Samdech Heng Samrin and H.E. Chea Soth, high-level personal advisers of the king of Cambodia; H.E. Ieng Kiet, deputy prime minister and minister of public works and transport; H.E. Keat Chhon, minister of economy and finance; H.E. Ing Huot, minister for foreign affairs and international cooperation; and many other high-level officials and their wives.

Attending the welcoming ceremony at Vientiane airport for H.M. King Norodom Sihanouk of the Kingdom of Cambodia and Queen Norodom Monineat Sihanouk and the delegation were H.E. Nouthak Phoumsavan, president of the LPDR, and his wife Mrs Bounma Phoumsavan; H.E. Somsavat Lengsavat, foreign affairs minister; H.E. Phao Bounnaphon, minister of communications, transport, posts, and construction; H.E. A-sang

Laoli, minister of interior; and other excellencies and their wives.

Also on hand to welcome the Cambodian delegation were ministers, deputy ministers, and high-level leaders of the LPDR; diplomats and representatives of international organizations; and many Cambodian residents in Laos. A large crowd of Vientiane residents turned up along Luang Prabang road leading from the airport to the city to welcome the royal visitors and the Cambodian delegation.

A special Cambodian plane with the Cambodian delegation arrived at Vientiane airport at 1030. Upon disembarkation, H.M. King Norodom Sihanouk was greeted by H.E. Nouthak Phoumsavan who led him to the reviewing stand to inspect the honor guard while the national anthems of the two nations were played.

After the welcoming ceremony, the Cambodian guests were taken by a motorcade into the city to the Government guest house where they will stay during their visit.

Ministers Receive Visiting Cambodian Counterparts
BK0812151495 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 8 Dec 95

[FBIS Translated Text] His Excellency [H.E.] Somsavat Lengsavat, minister of foreign affairs, received H.E. Ing Huot, Cambodian minister of foreign affairs and international cooperation, in Vientiane yesterday afternoon. Separately, H.E. Phao Bounnaphon, minister of communications, transport, posts, and construction, received H.E. Ieng Kiet, minister of public works and transportation; H.E. Finance Minister Saisomphon Phommvihan received H.E. Keat Chhon, minister of economy and finance; and H.E. Bouaban Volakhoun, deputy minister of the information and culture ministry, received H.E. Prince Sisowath Panara Sirivut, Cambodian deputy culture minister. Their excellencies the Cambodian ministers and the deputy minister are accompanying the Cambodian delegation led by His Majesty King Norodom Sihanouk Varaman and his wife, Queen Norodom Monineat Sihanouk, which is currently on a state visit to Laos.

During the meetings with the Cambodian guests on this occasion, the Lao ministers welcomed the state visit to the Lao People's Democratic Republic by His Majesty King Norodom Sihanouk Varaman, his wife, and the official delegation of the Kingdom of Cambodia. They noted that the visit is considered a significant event in the history of Laos and Cambodia and that it marks a significant milestone in the further strengthening, promotion, and expansion of the long-standing relations of friendship, fraternal solidarity, and

traditional cooperation between the two peoples of Laos and Cambodia.

Their excellencies the ministers of Cambodia expressed thanks to the Lao side for the warm and friendly welcome accorded them during the visit. They also expressed satisfaction over the fact that Cambodian-Lao relations and cooperation have been continuing on the path of development. They expressed the conviction that the traditionally fine relations will be continue to flourish and to be ever more fruitfully consolidated.

Friendship, Assistance Pact Signed With Cambodia
BK1212061595 Vientiane KPL in English
0952 GMT 11 Dec 95

[FBIS Transcribed Text] Vientiane, December 11 (KPL) — The Lao People's Democratic Republic and the Kingdom of Cambodia signed at Ho Kham, the Presidential Palace, here at 09:15 a.m. yesterday a mutual assistance and friendship treaty.

The treaty was signed by Mr. Somsavat Lengsavat, minister for foreign affairs of the Lao P.D.R. [Lao People's Democratic Republic], and Mr. Ing Huot, minister of foreign affairs and international cooperation.

Based on the respect for independence, sovereignty and territorial integrity, the conclusion of the treaty between the two neighbours is a major contribution to the strengthening of peace, stability and security in the region and the world over.

Thailand

SRV Foreign Minister Arrives for Summit
BK1012143395 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 10 Dec 95

[FBIS Translated Text] Vietnamese Foreign Minister Nguyen Manh Cam arrived this afternoon to prepare for his first ASEAN summit. Correspondent Kittima Na Thalang reports:

[Begin Kittima recording] Although Vietnam joined ASEAN in July, only five months ago, it has declared its intention to contribute to progress in Southeast Asia. It says the communist system is not an obstacle to fulfilling that goal. Vietnam says the communist administrative system causes it no problem in joining ASEAN because it is ready to carry out all obligations associated with ASEAN, from complying with the ASEAN Free Trade Area by 2006 to supporting the accord on a nuclear free zone in Southeast Asia, security, and other forms of social cooperation contributing to prosperity of ASEAN.

The Vietnamese foreign minister said confidently after arriving at the Bangkok international airport this afternoon that he does not think he will have any new proposals during the ASEAN foreign ministers meeting at the Royal Orchid Sheraton tomorrow. This is because he is confident that the ASEAN senior officials have already completed their preparations.

The Vietnamese foreign minister said Vietnam is ready to host the next ASEAN summit three years from now in Hanoi. Countries take turns hosting the ASEAN summit in alphabetical order. Vietnam would be the next host if it is ready.

The Vietnamese foreign minister accepted that although the communist administrative system poses no problem for Vietnam joining ASEAN, being the least developed among the ASEAN members Vietnam will need assistance from other members. [end recording]

Sultan of Brunei Arrives for ASEAN Summit

BK1212135995 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 12 Dec 95

[FBIS Translated Text] The sultan of Brunei arrived in Bangkok this morning to participate in the 14-15 December ASEAN summit. He arrived at the Air Force Headquarters Airport at about 1020 aboard a special flight along with his brother, Prince Jefri Bolkiah, who is also the finance minister. They were welcomed by Air Chief Marshal Sombun Rahong, the deputy prime minister; and Communications Minister Wanmuhammadno Matha. The sultan then traveled by limousine to the Oriental Hotel, where he will stay during the ASEAN summit.

The sultan spent today in his room. He is scheduled to go to Government House tomorrow to participate in the official reception. He is the first ASEAN leader to arrive in Bangkok for the ASEAN summit. He will occupy the Oriental Suite, the best suite in the Oriental Hotel. After the summit he will attend the Southeast Asian Games in Chiang Mai and the Worldtech Fair in Nakhon Ratchasima.

Foreign Minister Meets With EU Official

BK1112082195 Bangkok BANGKOK POST in English 11 Dec 95 p 2

[Report by Wichit Siriuhawiphon]

[FBIS Transcribed Text] Thailand believes ASEAN can help strengthen cooperation between East Asia and Europe.

Foreign Minister Kasemsamson Kasemsi told Sir Leon Brittan, Vice President of the European Commission in

charge of external relations, that ASEAN could play a coordinating role between the two regions.

The two men met yesterday to prepare for the first summit meeting between the leaders of ASEAN, Japan, China, and South Korea, and the 15-member European Union, in March in Bangkok.

Sir Leon is scheduled to meet ASEAN economic ministers today.

Kopsak Chutikun, director general of the Economic Affairs Department of the Foreign Ministry quoted M.R. [Mom Ratchawong — royal title] Kasemsamson as saying ASEAN not only can play a coordinating role between East Asia and Europe, but it was also playing an increasing role in the Asia Pacific Economic Cooperation forum which links Asia and North America.

He said Burma was also raised for discussion yesterday.

Sir Leon told M.R. Kasemsamson that the EU doubted whether the Burmese government was ready to accept foreign investors "M.R. Kasemsamson confirmed that Burma has improved its internal law in light of foreign direct investment, and next year was designated Visit Myanmar [Burma] Year, which should open the country to more investment," Mr. Kopsak said.

Sir Leon informed M.R. Kasemsamson of the issues which the EU would like to raise during the March summit: trade and investment liberalisation and facilitation, ASIA-Europe's private sector cooperation and human resources development.

ASEAN, Regional Arms Buildup Criticized

BK1112080895 Bangkok BUSINESS DAY in English 11 Dec 95 p 4

[Editorial: "ASEAN Military Build-Up Can Hurt Real Economic Progress"]

[FBIS Transcribed Text] Thailand and Malaysia have the dubious distinction of leading the regional arms race, and in due time, Vietnam is likely to join the shopping spree for modern weaponry.

Thailand's shopping list so far includes enormously costly items, some of which have already been purchased and delivered: three squadrons of fighters, including a 14-billion-baht squadron of F-18 aircraft with state of the art air-to-air missile systems over 300 tanks, a military satellite, and the now infamous submarines. Needless to say, more items will be added to the shopping list in the near future.

Singapore is already armed to the teeth and, although a small country, will continue to maintain a military edge on matters of equipment as well as the training

and qualifications of its military personnel. And in the aftermath of the Spratly Islands incident, the Philippines is more motivated than ever to allocate substantial funds to modernize its woefully old military hardware.

As for Indonesia, the country's penchant for buying more military arsenal appears to pick up steam with each passing year.

The latest incident between Thailand and Malaysia involving a Thai fishing vessel is an ominous signal that future conflicts and incidents may not be settled amicably as the parties to the conflict might prefer sword-rattling to diplomatic negotiations.

The Association of Southeast Asian Nations (Asean) has had a long and proven record of conflict resolution through amicable discussions and diplomacy, and so this is an opportune time for the matter of the arms race to be brought out under the spotlight.

While some political analysts and commentators have pointed out that the build-up of military hardware is more a reflection of internal political machinations than a problem with international relations among Asean members, there is no denying that the more militarily dominant a country becomes, the less likely it is to opt for compromise through peaceful negotiations. The world's history contains valuable lessons to be learned on the issue of engaging in an arms race: the race builds up a momentum of its own and undermines the spirit of co-operation which is essential for long-term peaceful relations.

There is, of course, the matter of opportunity costs to consider fully. Except for Singapore and Brunei, all of the countries in our region can ill afford to allocate limited resources — human and financial — towards more and more products and services which add little to productivity.

The proponents of the arms purchases are right in one major regard: national security depends in part on military preparedness. However, an arms race elevates military preparedness to a level which could ignite future conflicts. A far better alternative would be to put the issue of peaceful relations on the negotiating table now before it is too late.

Editorial Views Significance of ASEAN Summit

*BK1112120995 Bangkok THE NATION in English
11 Dec 95 p A4*

[Editorial: "ASEAN Moves Forward at the Bangkok Summit"]

[FBIS Transcribed Text] The Asean Summit to be held in Bangkok this week is attracting world attention for several reasons.

First, the birth of Asean marked a new phase in the development of the Southeast Asian regional order. Whereas the period before the founding of Asean was characterized by intra-regional conflicts and tension among the five founding states that were to become its initial members, relations among these countries have been mostly harmonious in the past two decades.

Interest has therefore been focused on Asean's role as a promoter of peace in the region. External interest in Asean's development has also been stimulated by the characteristics of the member states. These states are Western-oriented, and most of them have been relatively successful with policies of stability and economic development.

These characteristics stand in contrast to the patterns of development in many other developing regions in the world. The Asean region is also seen as the economic engine that will fuel the faltering world economy.

Furthermore, Asean has attracted attention because of its durability, which contrasts with several earlier attempts at regional cooperation in Southeast Asia.

Observers have been interested in finding the reasons for Asean's relative success in spite of the pessimistic forecasts accompanying its birth.

Interest in the development of Asean among Western commentators is probably more a reflection of their own interest in the exercise of regional cooperation as a whole. In Western Europe after World War II, regional cooperation, which tie participating countries in functional linkages and which might eventually lead to regional integration, was seen as the most effective way of preventing the outbreak of another war.

Regional integration was also seen as the best means for restoring the war-ravaged economies of Western Europe by allowing the countries to develop their economic potential to the full.

Much has been achieved since the Singapore Summit of 1992. With the end of the Cambodian conflict, followed almost immediately by the collapse of the Soviet Union and the end of the Cold War, relations

between the Asean countries and Vietnam improved almost overnight.

Vietnam joined Asean in July, and the grouping is now reaching out systematically to the rest of the Southeast Asian family.

The Asean Free Trade Area (Afta) timetable has been accelerated, and trade now figures large in Asean deliberations.

All these developments show that despite the "loss" of the Cambodian issue, Asean political cooperation has not lost momentum.

With the end of the bipolar structure, Asean together with other countries in the Asia-Pacific region is now actively engaged in various multilateral discussions and dialogues to find an appropriate regional security framework.

After 28 years, Asean has emerged as a cohesive and vibrant regional organization with an enviable international stature, confronting earlier skeptics who saw little future for the association.

Asean has now not only become the most important fixture in Southeast Asian regional affairs. Even in the wider Asia-Pacific region, the presence of Asean must be taken into account.

Commentary Views Plans for ASEAN Summit

*BK1212093095 Bangkok THE NATION in English
12 Dec 95 p B2*

[Commentary by Wichit Chaitrong and Chirawat na Thalang: "ASEAN Vision Fades as Seats Change"]

[FBIS Transcribed Text] "ASEAN Common Market" was the theme that former Deputy Prime Minister Dr. Suphachai Phanitchaphak hoped to create for the ASEAN Summit in Bangkok this week.

But that vision appeared to have all but faded as the Democrat Party did not capture enough seats to form a government in the July elections. Suphachai, now merely an MP, went instead to India to attend the World Economic Forum meeting.

In Bangkok this week, many of the initiatives leading to the ASEAN summit of the past two years have gone astray. The agenda was intended to develop ASEAN into a common market including freer movement of workers within the regional grouping with regulations to ensure their welfare.

The labour initiative would have deepened the ASEAN integration which is now set to cut tariffs on merchandise trade and will soon start liberalizing the services

sector. The combination would have put ASEAN on the world stage in its own right.

That vision was supposed to be complementary although Malaysia and Singapore are known to be concerned because they are labour importing nations, while the Philippines and Indonesia are labour exporting nations. The Philippines is the country most in need of some regional labour regulations, the hanging of a Filipino maid in Singapore, found guilty on a murder charge, opened a can of worms on the need to protect the rights of migrant labourers.

But it was Suphachai who took the initiative for some kind of labour regulations within ASEAN. Thailand has a broad vision as the country is no longer a labour exporting nation but a labour importing one. Labourers come, legally and illegally, from Laos, Cambodia and Burma. Laos and Cambodia are soon to become ASEAN members and therefore the labour issues are not far off their main agenda.

Trade liberalization in Asia Pacific Economic Cooperation [APEC] is also one reason why ASEAN should come up with a deeper regional economic agreement. If ASEAN goes slower than APEC, it will certainly be diluted by the wider regional agreement whose liberalization requirements will become effective soon.

Unfortunately, ever since the Banhan administration came to power, the proposed deeper economic integration which covers labour movement has never been mentioned.

Indeed, the common market should have been high on the agenda at this week's summit. Since the meeting of ASEAN in September this year, progress towards the ASEAN common market has been stuck due to the indifference of Banhan's cabinet members.

Over the past few days, ASEAN members have been wasting their time discussing the same old political issues such as how to provide special treatment for sensitive farm goods.

Economists agreed that ASEAN should launch the common market during this summit. The ASEAN Free Trade Area (AFTA) regional free trade liberalization agreement already benefits developed members.

The initiative to expand the agreement to labour would certainly benefit most ASEAN members. Philippines, Indonesia and Thailand are among the exporters of labour in the region. A regional agreement for labour protection would ensure the welfare of the people in the region.

Moreover, the time is right to seriously discuss the issue of the movement of labour. The prospective labour

agreement would signal ASEAN's sincerity to accommodate the new ASEAN Ten after Laos, Cambodia and Burma become ASEAN members in a few years time.

So far, ASEAN trade liberalization has only benefited the industrial sector since the AFTA agreement has until now affected only industrial products. At the same time, ASEAN investors have already complained that their industrial development is facing the problem of an inadequate labour supply.

There is evidence to show why ASEAN needs to expand agreements to social and labour areas. Many illegal workers from Burma and Laos are already working on construction sites in Bangkok and other ASEAN cities. At the same time, professionals from developed ASEAN members would be keen to participate in the industrial development of the emerging economies.

ASEAN would be really beneficial to the people if it produced an agreement which relates to the true needs of the public. With a regional labour agreement to protect the welfare of the local people ASEAN would be able to pride itself on producing an agreement which has full direct benefits to the public, who are supposed to play a key role in enhancing the awareness of ASEAN unity.

Security Forces Hunt Armed Karen 'Renegades'

BK1012112895 Bangkok THE SUNDAY POST
in English 10 Dec 95 p 3

[Unattributed report]

[FBIS Transcribed Text] Mae Sot, Tak — A 300-strong force is hunting armed pro-Rangoon Karen renegades who crossed from Burma and clashed with police on Friday.

The police, paramilitary rangers and volunteers were concentrating on the border area at Tha Song Yang in the search for the 50-strong band.

At least two of the intruders of the Democratic Karen Buddhist Army [DKBA] were shot and believed killed in the clash at Ban Mae La when they tried to hijack a long-tailed boat to pick up 50 of their comrades from the Burmese side.

Boatman At Chaimot, 28, jumped into the water and swam to the Thai bank during the clash, in which the vessel was hit and capsized.

The combined force, with V-150 personnel carriers, was sent into the border area yesterday morning after villagers reported seeing 20 DKBA troops trying to force a boatman to ferry them across the Moei to Burma. The incident was reported in Ban Phu Soeng, 30 km west of Ban Mae La.

Military sources said the renegades who broke from the anti- Rangoon Karen National Union [KNU] this year, had crossed over to attack a Karen refugee camp.

Refugee camps were attacked and key members of the KNU abducted this year by the renegades after they sided with the Rangoon junta.

The renegades might have changed their attack plan after they clashed with police, the sources said.

A dozen villages along the border have been armed and placed on 24-hour alert.

Policeman Killed in Clash With Karens in North

BK1212143495 Bangkok Radio Thailand Network
in Thai 1200 GMT 12 Dec 95

[FBIS Translated Text] On 10 December, a Thai border patrol police unit clashed with an unidentified group of Karens at the border in Tak Province between Ban Pha Krachoe and Ban Ruam Thai Phathana Mi. The deputy chief of the unit, Warrant Officer Thanasak Chaikaeo, was killed, while two policemen were wounded in the clash.

Reporting on the incident, Army Secretary Major General Phongthep Thepprathip said that a combined border patrol police force and the 34th operational unit of the 3d Army Region conducted a mopup operation along the border to protect the people. It could not still be established which group of the Karens was responsible for the attack. However, it was possible that those affected by the fighting and by food scarcity were forced to plunder Thai villagers along the border.

The army secretary revealed that a number of the ethnic Karens have surrendered to Thai authorities. This could be the result of pressures from operations carried out by Thai authorities. The army will investigate. Once it is established which Karen side the attackers belong to, Thai authorities would coordinate with their commanders to keep them from intruding into Thai territory to cause trouble to the Thai people. It is hoped that problems at the border will be settled in a few days.

Solution to Fishing Dispute Discussed

BK1112062695 Bangkok BANGKOK POST
in English 11 Dec 95 pp 1,3

[Report by Nusara Sawatsawang]

[FBIS Transcribed Text] Thailand and Malaysia must be sensitive in their efforts to end their fishing dispute, Malaysia's Foreign Minister Abdullah Badawi said yesterday.

Speaking after his arrival in Bangkok for the ASEAN meetings, Mr. Badawi said it was important both governments acknowledge the problem and ensure it did not happen again.

"It's not the first time we have had a fishing problem with Thailand and there may be more in the future. But the most important thing is the Thai and Malaysian governments acknowledge any problem that arises over these fishing activities in our seas," he said.

Mr. Badawi was referring to the incident in which two Thai fishermen were shot dead by the Malaysian Navy for allegedly fishing illegally in Malaysian waters and trying to avoid arrest.

His call was echoed by Government and Opposition leaders, who asked fishermen to refrain from handing a note protesting the killings to Malaysian Prime Minister Mahathir Mohamad in Bangkok. The Malaysian foreign minister defended the action, saying the gunboat crew did not over-react.

The skipper of the Thai trawler and his 14-year-old son were killed and an autopsy conducted in Bangkok indicated they were shot at close range.

The incident was believed to be the first time Thai fishermen had been killed in Malaysian waters, as several hundred crew were caught fishing illegally in its neighbour's territorial waters annually.

This issue had developed into a thorn between the two countries. Mr. Badawi said he would not speak about solutions through the media.

Asked about the possibility of a fishery agreement between the two countries, as proposed by Thailand, Mr. Badawi said it was not for the governments but the private sector to do this.

"The businessmen will know what measures would be feasible for them. The government is not in the business of fishing," said Mr. Badawi.

Urging fishermen not to address their protest to Dr. Mahathir when he attends the summit this week, Prime Minister Banhan Sinlapa-acha said as a host country, Thailand must treat Dr. Mahathir with respect for the sake of good relations.

The Government had already assigned agencies to look into the incident and therefore fishermen could rest assured their complaint would be handled properly.

Opposition leader Chuan Likphai said the fishermen should instead submit their letter to the Government which would hold talks with Malaysia to solve the conflict.

Mr. Banhan said he would not use the ASEAN summit to address this problem with his Malaysian counterpart.

Any discussion on the issue would be conducted outside the summit meeting, said Mr. Banhan, who admitted he did not yet know if he would raise the matter with Dr. Mahathir.

Foreign Minister Kasemsamson Kasemsi said fishermen should await the results of Dr. Mahathir's meeting with Mr. Banhan before taking action.

He said he advised the fishermen not to hand the letter to Dr. Mahathir since doing so would be inappropriate.

Democrat leader Chuan conceded it was necessary for Thai fishing boats with modern equipment and a high capability, to operate in international waters as fish in Thailand's 12-mile limit were no longer plentiful.

So it was necessary for the Government to negotiate with neighbouring countries to allow them right of passage, he added.

Mr. Chuan said the Opposition was keeping a close watch on what the Government would do to solve the dispute.

Fishing Dispute With Malaysia Reviewed

BK1012135995 Bangkok *THE SUNDAY POST*
in English 10 Dec 95 p 24

[Editorial: "Thai Sparrows Need Not Be Shot by Malaysian Cannons"]

[FBIS Transcribed Text] The bodies of a skipper and his 14-year-old son have been returned to Thailand after they were shot dead by a Malaysian naval gunboat last month.

The incident has led the Thai fishing community to seek a more effective solution from both governments in the fight to calm territorial water disputes.

If they cannot comply, good relations between Malaysia and Thailand will remain threatened.

Less than a month after the shooting, Thai fishermen from the South applied pressure on the Government to settle the dispute with Malaysia over territorial waters and to ensure and safeguard the lives of Thai fishermen at sea.

Fishermen now threaten to block the Gulf of Thailand unless the Government comes up with satisfactory replies to a series of demands on fishing problems with Malaysia.

Thai Director General of the Fishery Department, Dr Plotprasop Suratsawadi announced he would, personally

lead a fleet of fishing boats into Malaysian waters and challenge the Malaysian navy to arrest or shoot him.

In accordance with the Law of the Sea and its "Navigation Rights," sailors have free passage into waters of another country, but it is unclear whether they must notify authorities.

Thai fishermen have expressed dissatisfaction and anger that they have been denied these rights, while Malaysia says it has the right to instigate the laws of its own land — perhaps rightly so.

But they cannot shoot down all in sight in an effort to prove a point. They must respect the rights of sailors to earn their living and take a diplomatic approach to enforcing their laws.

They defended their actions by claiming the Thai vessels did not "simply" pass through Malaysian waters but illegally fished in Malaysia's Exclusive Economic Zone.

Thai fishermen denied this allegation. They claim the catch found on their vessels were not from Malaysian waters. But Malaysian law states any catch found in a vessel in Malaysian waters is presumed to be caught from its waters.

There is always two sides to the truth and each would choose to analyse and interpret the situation according to which best serves their interest. But tunnel vision does not provide a clear overview of the problem.

What is needed is an objective assessment of the situation instead of stubbornly insisting that "we are right and you are wrong."

The Malaysian government has compensated families of the dead crewmen and returned bodies for a proper funeral.

However, for the 300 fishermen who rallied in front of the provincial hall to protest the November 6 shooting, what is more important is the Government's actions to ensure Thai vessels can pass through Malaysian waters without any danger to their lives and a Malaysian agreement to adhere to Navigation Rights.

Thai fishermen who regularly enter Malaysian waters want Malaysian authorities to not simply remedy any shooting incidents with monetary compensation but to be sincere in efforts to eradicate any form of misunderstanding.

They want the Malaysian government to distinguish Thai fishing thieves from the majority of honest Thai fishermen.

Both governments must seek to settle their differences and clearly define "Navigation Rights" in theory as well as practice. If not, similar incidents will happen again.

Thai fishermen may or may not have infringed upon the sovereignty, of Malaysian waters, but is it necessary to shoot a sparrow with a cannon?

Air Force To Press for Purchase of F-18's

BK1112033995 Bangkok BANGKOK POST in English 11 Dec 95 p 3

[Unattributed report]

[FBIS Transcribed Text] The Air Force is to press for 18 billion baht to buy a squadron of F-18 jet fighters despite doubts about a missile system, a source said yesterday.

The proposal will be put to the Defence Council, chaired by Defence Minister Chawalit Yongchaiyut, when it considers military allocations from the 1997 budget today.

The source said the Air Force wanted the F-18 Hornets even though there were doubts the United States would agree to supply the Advanced Medium Range Air-to-Air Missile (AMRAM) system.

In a message to the Air Force, the US State Department said the deal would not include AMRAM, which was central to the Air Force's acquisition plan.

Despite the uncertainty, the Air Force was determined to secure the budget, said the source.

Meanwhile, the Army is to propose an allocation of 10 billion baht to buy assault rifles to gradually replace its M16s.

It will also seek two billion baht to buy light tanks to replace M41s in use for more than 30 years.

Finance Minister Denies Corruption Charges

BK1012082195 Bangkok THE NATION in English 9 Dec 95 p A3

[FBIS Transcribed Text] Embattled Finance Minister Surakiat Sathianthai was caught in a new political storm this week when news reports linked him to an international trade consultant alleged to have functioned as a lobbyist using political connections to earn huge commission fees.

In an interview with THE NATION's Sorayut Suthatsanachinda yesterday, he strongly denied those charges and suggested they were part of a conspiracy to discredit him and the prime minister.

[Sorayut] What do you think of today's edition of SIAM POST newspaper?

[Surakiat] The paper has been doing this for three days now. I have told several interviewers there's no truth in it and I have had nothing to do with all that.

The paper has published some faxes and tried to make them look mysterious. For example, there is a "Dr S" in one of the faxes. What is that supposed to mean? Why wasn't my name mentioned in full? I have a feeling that some people are trying to make the whole thing look suspicious.

When I worked at Ban Phitsanulok [Office of Chatchai Chunhawan's advisory team] as an adviser to former prime minister Chatchai Chunhawan, tons of faxes came in every day. And I had my aides screen those faxes for me. If it was something that did not concern my job, the faxes would never reach me.

I spent a lot of time reading the fax published by SIAM POST this morning and I have no idea what it is all about. I had never seen that fax before in my life. I was never involved in security matters when I worked at Ban Phitsanulok and neither were my colleagues.

[Sorayut] Do you know Mr Ambrous T Young, president of Young Brother Development Co Ltd?

[Surakiat] Chat Phatthana deputy leader Kon Thappharangi introduced me to him because Young was also chairman of the Overseas Chinese Republicans. I met the man at a party celebrating George Bush's presidential victory in Washington. He helped me with my contacts in the United States, but I never talked business with him.

[Sorayut] But what about the fax published in SIAM POST today, clearly stating business contacts between Young's company and Match Cross company, which apparently received commission payments from the foreigner?

[Surakiat] I was told by the SIAM POST that the faxes were obtained when NPKC [National Peace-keeping Committee] troops entered Ban Phitsanulok during the 1991 coup. But with today's technology, anybody could have produced such evidence. Anybody could have arranged for such a fax.

[Sorayut] Are you saying that there is a conspiracy to frame you?

[Surakiat] I know nothing about those faxes.

[Sorayut] How about the fax addressed to you that asked what Sikorsky should do to beat out Bell helicopters?

[Surakiat] I was surprised to see it. But that was possible because several weird faxes were received when I was with Ban Phitsanulok. I worked upstairs but the fax

machines were downstairs. There were a lot of people who claimed to have connections with Ban Phitsanulok.

It was also possible for anybody to simply make up these faxes. I don't know if there is a conspiracy to discredit me and the government. I'd like to reiterate that Match Cross' activities focused on organizing seminars or conducting research. And Wirasak [Wirasak Khowsurat — deputy secretary general to Prime Minister Banhan Sinlapa-acha] virtually abandoned the company when he was preoccupied with his political job.

SIAM POST is playing a dangerous game based on unfounded information. What worries me more than the paper's attitude is the question of who gave them the information.

[Sorayut] Did you say that documents were seized from Ban Phitsanulok the day of the Feb 23 coup?

[Surakiat] Yes.

[Sorayut] The role of Ban Phitsanulok has been sharply criticized. Were these criticisms just?

[Surakiat] There was both constructive and negative criticism. But we are proud of one fact: we never abused our role or became involved in corruption.

There were many cases in which people who tries to contact Ban Phitsanulok complained that I never returned their calls. It turned out that I never knew they had called at all.

[Sorayut] What did you do when a company or a person approached you to set up a meeting with a senior government politician?

[Surakiat] If they wanted to meet the prime minister, they would have had to contact Government House. If it involved trade or investment, meetings would have been arranged by myself or Phansak [Bunyarat] [as published]; if it concerned legal affairs, Kraisaak [Chunhawan] or Phansak. Basically we divided the workload.

[Sorayut] A lot of people wondered why Wirasak, who was then secretary to the Parliament president, visited Ban Phitsanulok often.

[Surakiat] He was a student of mine and Dr Bawonsak Uwanno [another of the Ban Phitsanulok group].

[Sorayut] Why were letters and messages addressed to Wirasak sent to Ban Phitsanulok headquarters?

[Surakiat] I'll have to ask him about that.

[Sorayut] Do you know who is behind all this?

[Surakiat] I think so.

[Sorayut] What are you planning to do about it?

[Surakiat] I don't know. It's politics and it's really complicated.

I think one motive is to discredit all the people around the prime minister. All I can do is seek justice through interviews like this. I believe that anyone who has followed my career closely will understand. A man like me would never do anything that would damage the country.

I entered politics because I wanted to make sacrifices for the country. I have nothing to defend myself with except my honest statements that all these allegations are not true.

Editorial Urges Investigation of Bribery Charges

BK1212022695 Bangkok BAN MUANG in Thai
11 Dec 95 p 3

[Editorial: "We Must Have Strong Armed Forces"]

[FBIS Translated Text] The Navy's submarine purchase plan turned bitter when foreign newspapers alleged that commissions or bribes were paid to Thai politicians and political parties. The subsequent proposal to investigate the accusation is most appropriate to salvage the dignity and reputation of Thailand and the Thai people as well as the alleged politicians who want to prove their innocence. However, the scandal, which has been much fanned by the mass media, has not ended yet in the eyes of the general public.

As normal practice, big business firms will not give financial support or bribes to only one or two political parties or politicians. In fact, all political parties, except the insignificant or small ones, receive money. The people believe that should the bribe be paid before the general election whose results decide what parties would form the coalition government or which politicians control power, the submarine company must have given the money to all political parties to ensure that their investment would not be wasted for nothing.

People believe that if the allegation is true, the bribe or financial support, as it is so-called in flowery language, for political parties and politicians was paid to the big party which had the chance to win the general election and form the government, as well as those smaller parties that were expected to join the coalition. For this reason, an extensive investigation must be expeditiously conducted involving all political parties. So far, there is no political party or politician who is trustworthy in the eyes of the people.

Meanwhile, the proposal to scrap the submarine purchase plan to put an end to the controversy is appar-

ently not the right way to tackle the problem at its crux. If the country really needs submarines for the defense of national sovereignty and interests, it will not be prudent to reject the proposal because it is tantamount to weakening the strength of our navy or finding preventive measures only after allowing something to happen first. We can see that there is no genuine peace and tranquility in the world today. Both direct and indirect aggression and subversion prevail in every corner of the world among big and small nations as well.

The peace and tranquility we are enjoying at this moment come from the adequate readiness and preparations our country has made to thwart all forms of aggression, not because of peace and amicable ties among the countries in this region. Prosperity and advancement only lead to stronger competition for more resources to secure a higher degree of affluence so as to gain the upper hand in dealing with other countries. Military might also plays a major role in any peaceful negotiations. Social justice is scarce even in a small family. How can we take that for granted in the world community?

Environment Funds Doubled for 1996

BK1212072395 Bangkok BANGKOK POST
in English 12 Dec 95 p 8

[Unattributed report]

[FBIS Transcribed Text] Government agencies nationwide are to get 2,100 million baht from the 1996 fiscal budget to tackle local environmental problems, said a Science, Technology and Environment Ministry official.

The budget will fund the local environmental action plans of all 76 provinces including Bangkok, said the deputy secretary general of the ministry's Office of Environmental Policy and Planning Saksit Tridet.

The budget is double that of last year as many provinces have started construction on such projects as waste water treatment plants and sanitary garbage dump sites.

Some agencies will spend the budget on purchasing land to accommodate these facilities, he said.

"There are at least five municipalities which will begin constructing waste water treatment plants and another 10 municipalities which are planning sanitary garbage dump sites," Mr Saksit said.

Before local agencies are able to get the money to build these facilities, they must first conduct feasibility studies and provide the necessary land to accommodate them.

Under the Environmental Act of 1992, each provincial administration must formulate a localized environmental

action plan and propose it to the Science, Technology and Environment Ministry.

Mr Saksit said next year's budget would be higher because more provinces would be spending money on construction projects.

He expressed satisfaction with the results of the provincial environmental action plans which have been formulated by local agencies for the last four years.

"It's a very effective method since the Government can allocate budgets to local agencies to tackle pressing environmental problems," he said.

In addition, local agencies will be strengthened so they are capable of solving long term environmental problems by themselves, he said. These agencies will be able to seek technical advice from ministry officials.

Vietnam

Vo Van Kiet Interviewed on Joining ASEAN

Hopes for 'Great ASEAN Family'

BK1112054895 Bangkok THE NATION in English
11 Dec 95 p A4

[Interview with Vietnamese Prime Minister Vo Van Kiet by THE NATION correspondent — place and date not given]

[FBIS Transcribed Text] [THE NATION] For the first time since the end of the Cold War, the leaders of 10 Southeast Asian nations will meet in their own forum and discuss their vision for the next century. What are your reflections on this historic meeting and your vision of Asean towards the 21st Century? A borderless Southeast Asia will soon become a reality. Do you see any problem or constraints to this on the part of Vietnam?

What do you think will be an appropriate model for Asean's decision-making process in light of its future expansion to eventually include Laos, Cambodia and Burma?

[Vo Van Kiet] In the international and regional situation that has been changing rapidly, the meeting of the heads of government of the 10 Southeast Asian countries in Bangkok and the setting up of their own forum represent a historic event. I hope that this will be an important step towards a great Asean family of all 10 Southeast Asian countries.

I am not aware when the concept of a borderless Southeast Asia will emerge, but a Southeast Asia of unity, cooperation and unanimity in diversity is becoming a reality, marking a development in the

quality of the trend of cooperation for peace, stability, and development in this sub-region on the way to the 21st Century.

Such a large Asean requires enhanced effectiveness in its working mechanism, including consultation, the principle of consensus and existing cooperation programmes between member countries.

[THE NATION] The euphoric mood over Vietnam becoming member of Asean has vanished. As a member, Vietnam now faces additional responsibilities. What are Vietnam's plans other than joining Afta [ASEAN Free Trade Area] and is there any new government mechanism within Hanoi that will serve as the basis for dealing with Asean's affairs?

[Vo Van Kiet] Vietnam is conscious of the difficulties involved in furthering its cause of national development. As an Asean member, we are fully aware of new challenges, as well as membership obligations.

It is our policy to actively take part in the dynamic economic development of the region. We have been, and will go on, conducting administrative reforms, perfecting legal and tariff systems, developing the market system and broadening economic exchange and cooperation to create favourable conditions that would enable us to join Afta. To assist in the efforts of observing membership obligations, we have set up the National Committee for Asean.

Under our specific conditions, we will do all that is necessary to fully participate in the work of Asean, contributing actively to peace, stability and cooperation in the region.

[THE NATION] As premier, how tough is it to run a country which less than a decade ago was still isolated, but is now one of the fastest growing in Southeast Asia? We have heard a great deal about your plans to retire from the job at the Sixth Party Congress to pave way for the younger generation.

[Vo Van Kiet] Vietnam has undergone innumerable difficulties to generate the current level of economic development. But we are now all preoccupied with how to enhance more dynamic development for the country with higher sustainability and better quality. Our achievements, no matter how great they may be, should not serve as an excuse to slow down efforts. Trying to overcome the difficulties ahead is much more important. These are the reflections of the Vietnamese leaders of all generations, young and old. I share these reflections regardless of my position.

[THE NATION] The next party congress will be crucial to Vietnam since a number of guidelines for

the national development plan are to be set, together with a number of targets in order to enable the country to modernize. What kind of modern state would you want Vietnam to be? People talk about Vietnam as a socialist market economy. What does this mean to you? What will Vietnam be like in the next century? Which development model do you think will suit Vietnam?

[Vo Van Kiet] Vietnam is following a policy of industrialization and modernization with the aim of alleviating poverty and under-development in order to have a strong country and a just and civilized society. To this end, we advocate the application of market mechanisms under the management of the state for national development along the socialist line.

We are trying to have dynamic and sustainable economic development, harmoniously combining them with economic and social welfare development, while preserving national identity at the same time. We draw experience from our own activities and also try to learn from the experience of other countries in order to find out a model of development suitable to our own historic, natural and traditional conditions.

Such a development model is now still being built and must gradually be improved. However, what we can say right now is that in all areas, the "models" we borrowed or initiated from the outside have so far ended in failure. I think that this experience will guide us in the future.

[THE NATION] You have taken several important and bold steps in the course of implementing economic reforms. You have managed to cope with one challenge and braved criticism on spending millions of dollars to finish the costly construction of the power station linking Ho Chi Minh City to Hoa Binh. Your other challenge, the most difficult one, is the fight against corruption.

How difficult is this task and what will indicate whether your efforts have met success? Foreign investors still complain about the corruption and the inadequate legal system. They need a competent legal system to safeguard their investment. What are the major obstacles for investors? When do you think corruption will no longer be a problem for Vietnam? What will be the government's next step to further ensure a conducive environment for investment?

[Vo Van Kiet] We are fighting not only corruption, but also the factors that generate or contribute to corruption. First of all, there is the bureaucracy and the burden of doing paperwork.

We recently obtained some positive results, but this a long battle that will take years, and which requires a comprehensive and consistent solution before it can be

resolved. The final result of the anti-corruption battle also depends on the process of perfecting our legal system, building integrated mechanisms and policies, conducting administrative reform to improve the capacity and efficiency of the state machinery and strengthening the quality and ability of the cadre contingent.

These measures will create a favourable environment for direct foreign investment in Vietnam.

[THE NATION] When will Vietnam be ready to join Apec [Asia Pacific Economic Cooperation] and the World Trade Organization [WTO]? Are there any problems?

[Vo Van Kiet] Vietnam is now actively finalizing the procedures and necessary preparatory work to be able to join the WTO. However, Apec is not yet recruiting new members.

[THE NATION] Sooner or later, Vietnam will have deal with the domestic issues of human rights and democracy, which will naturally come with development. How are the party and the government going to deal with this to avoid a repetition of the situation in Burma and China?

[Vo Van Kiet] It should not be forgotten that over the past half century the struggle full of sacrifices and hardships carried out by the Vietnamese people was basically for democracy and human rights. Since 1986, we have reformed the economy, enhanced democracy and built a state governed by laws.

This is a state of the people, by the people and for the people. The whole world has acknowledged that the average increase of direct foreign investment has been 40 per cent annually during the last six years. It should not be forgotten that the core of the "renovation" cause is to bring into full play basic democracy and human rights in Vietnam. We encourage all the people to achieve wealth for themselves and for the country. We want our people to enjoy this right.

[THE NATION] What do you think will hold Asean together in the future? Some believe the future of Asean is uncertain. Sceptics say the expansion of Asean could be problematic given the various national interests and widening differences. Are you optimistic?

[Vo Van Kiet] The future of Asean falls within the common desire and awareness of the member countries to strengthen their cooperation for development. At the same time, it also depends on the leadership of these countries to create such a desirable cooperation. Taking the cooperation within the EU as an example, it is certain that the cooperation among Asean countries, in any typical form, will undergo many periods or

hardship. It is, however, worth striving for. Is there concern that the expansion of Asean will bring about failure? As members of Asean, it is better to strive for a dynamic and effective Asean. Maintaining peace, stability and development in the region will be Asean's contribution to the international community.

Emphasizes Regional Development

*BK0912183595 Bangkok BANGKOK POST
in English 9 Dec 95 p 2*

["Written answers" by Vietnamese Prime Minister Vo Van Kiet to questions submitted by Atchara Achayakachat, BANGKOK POST's Hanoi Bureau Chief — date not given]

[FBIS Transcribed Text] [Atchara] This will be the first time a Vietnamese prime minister attends an ASEAN Summit. What is your hope and how will you share your political and economic views with other ASEAN leaders?

[Vo Van Kiet] In the context of a rapidly changing situation in the region and the world as well as of the new developments of ASEAN, the coming summit meeting of ASEAN in Bangkok will be an event of great importance to the political life of the whole region.

I will discuss with other ASEAN leaders directions and measures to further promote comprehensive cooperation between ASEAN member countries and the enlargement of ASEAN into an organisation of 10 Southeast Asian countries, preparing for ASEAN to enter into the 21st Century with new dimension and dynamism.

Though this is the first time Vietnam has taken part in the summit, it will make active contributions to the meeting.

[Atchara] ASEAN is restructuring in the face of a new world situation. What is your assessment of its decision-making process based on the principle of consensus? As a full member, what kind of role will Vietnam play?

[Vo Van Kiet] ASEAN is a gathering of countries with different socio-political systems and levels of economic development. However, it shares common aspirations and objectives: peace, stability, cooperation and development on the basis of respect for national identity of each country.

The decision-making based on the principle of consensus helps ASEAN maintain its unity in diversity and facilitates a constant consolidation and development of this organisation.

It is necessary to emphasise that the ASEAN countries share great common interests in the issues of peace, stability, cooperation and development which create a

large scope and sound basis for the implementation of the principle of consensus. This may also be the most important asset needed to be exploited by the ASEAN countries.

As a new member of ASEAN, Vietnam will exert its efforts to further speed up the process of integrating into regional development in the interests of Vietnam and those of ASEAN.

We will continue to improve our working mechanism, perfect the legal system, develop market economy, broaden economic exchange and cooperation ... in order to gradually narrow down the gap between Vietnam and other ASEAN countries. At the same time, we will actively and fully get involved in the work of ASEAN.

[Atchara] A number of agreements will be signed at the Bangkok Summit, namely the Southeast Asia Nuclear Weapons-Free Zone and framework agreement on services. Will Vietnam sign and observe these agreements?

[Vo Van Kiet] At the coming summit important documents will be adopted and signed. There is still a lot to be done quickly to reach this outcome. Vietnam will fully take part in the completion of preparatory work and join other ASEAN countries in bringing about success to the Bangkok Summit.

[Atchara] As the new ASEAN member, what is Vietnam's message to the other three countries, namely Laos, Cambodia and Burma, which are to join the association? What experience will you share with leaders of these countries?

[Vo Van Kiet] Vietnam's admission into ASEAN is the clearest message. It's too early for Vietnam to talk about its experience. However, it is certain that as from our admission to ASEAN, we have to create the habit of referring each of our decisions to the practice of the ASEAN countries.

For instance, recently, the National Assembly of Vietnam has decided the first adjustment of taxation in the preparation for joining the ASEAN Free Trade Area (AFTA).

[Atchara] While integrating into the world and the region, how will Vietnam maintain the socialist system in the light of influence from the outside?

[Vo Van Kiet] Socialism is the ideal chosen by our people half a century ago. Our renovation implemented for nearly a decade has clarified our socialist-oriented path, namely, to realise the objectives of wealthy people, strong country, just and civilised society.

Realities over the last 10 years also show that in this process, Vietnam has increasingly broadened its relations with the outside world while successfully maintaining its own identities.

I think this is natural and inevitable. It is fairer to say that the last 10 years of renovation of Vietnam is not only its history of open-door period but also that of removing blockade and isolation.

In our time, no country can develop in isolation or only dependence on the outside world. If any country loses its own identities in its development, it will sooner or later plunge into disorder.

So far, the history of development of Vietnam is a history of struggling to preserve and develop its national identities in the process of integrating into the world community.

I would like to lay emphasis on patriotism and cherish national traditions which are valuable foundations for the creation of history and identities of Vietnam today.

Daily Urges Proper Party Congress Preparation

*BK0812135695 Hanoi NHAN DAN in Vietnamese
8 Dec 95 p 1,2*

[Editorial: "Properly Preparing for the Eighth National Party Congress"]

[FBIS Translated Text] The ninth plenum of the party Central Committee was held successfully. The plenum discussed and decided the contents of the draft reports that are to be presented to the eighth national party congress.

The eighth national party congress will evaluate our national situation and the renovation during the 1991-95 period, draw experiences, and outline goals, directions, programs, and measures for the implementation of national industrialization and modernization until the year 2000 and 2020. The congress will also discuss party building work to ensure the quality and capacity of our party in leading the nation to grasp opportunities, overcome challenges, be stable in all situations, remain close to the people, and accomplish all duties in the new period. Therefore, the eighth national party congress will mark an important transitional step for our country to a new development period — a period for the acceleration of the undertaking of national industrialization and modernization, with the goal of prosperous population, powerful country, and equitable and civilized society under socialist direction.

Satisfactorily preparing for the eighth national party congress is a very important task to ensure that our party always steadfastly and creatively applies Marxist-

Leninism and Ho Chi Minh thought to our practical national situation, inherits the national tradition of indomitability, and arouses a spirit of independence and sovereignty and the willpower of self-reliance in order to develop all resources inside and outside of the country and to firmly move our nation forward. All draft documents of the congress will be discussed in a real democratic manner, with the concentration of intelligence and willpower of all of the party and people. In his closing speech delivered at the plenum, General Secretary Do Muoi stressed: "In addition to holding discussions within the party, we must rely on the Fatherland Front and other mass organizations and social institutions to solicit views on the draft documents widely from people of various strata. This is an effort to ensure that preparations for the eighth national party congress will not only be a duty of the party but that it will be everyone's concern as to how to make the eighth national party congress a festival of the entire party and people".

Striving to successfully accomplish this year's state planning, to satisfactorily prepare for 1996 planning — the starting year of the 1996-2000 period — and to continue the socioeconomic development is the practical preparation for party congresses at all levels. We must be more determined to improve the production, quality, and efficiency of our economic activity and to further accelerate work to check, control and, at the same, satisfactorily conduct cultural and social programs in connection with the consolidation of our national defense and security.

Corruption is the pain of the entire society. Corruption and smuggling — which cause damage to both our economy and public trust — must be controlled and pushed back. The fighting spirit of every party organization must be manifested in the fight against corruption precisely in its unit and locality. Party cadres and members in any position must engage in an uncompromising struggle against embezzlement and corruption. People in high positions must be more responsible for the implementation of party, state, and National Assembly directives against corruption.

Frugality is always a fine characteristic and lifestyle for a successful man and prosperous country. We must launch a frugality campaign in the entire public, starting with the party and state organizations. Living in extravagance and waste with state money while the country is still poor is a crime against the people. Working properly without self-display and waste must be a daily lifestyle of party, state, and mass organizations at all levels, beginning with the organization for party congresses at all levels.

Our party has totally devoted its service to the people, as Uncle Ho used to remind the entire party. Party congresses at all level are an important political activity to evaluate the situation and discover new ways for rapid and stable development for each sector and locality and the entire nation. They are also an occasion to

organize the people's revolutionary actions, establish close relations between the party and the public, develop good points and advantages, overcome shortcomings and difficulties, continue the renovation, and accelerate the undertaking of national development under the socialist direction.

Papua New Guinea

Australia's Evans Says 'Dependency' Must End

BK0912182595 Melbourne Radio Australia
in English 0600 GMT 9 Dec 95

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says Papua New Guinea's [PNG] dependency on Australia has to be ended as the relationship between the two countries continues to mature. Sean Dorney reports that Senator Evans was replying to concerns about the aid relationship raised by PNG's prime minister, Sir Julius Chan, at the opening of the Eighth Australia-PNG Ministerial Forum in Kavieng in New Ireland Province:

[Begin recording] [Dorney] Acknowledging that any relationship between an independent country and its former colonizer was bound to be difficult, Sen. Evans said PNG had to realize that Australia's aid was going to become less and less significant to PNG as it stood on its own feet.

[Evans] (?A lot) of transition to a new more mature and more equal relationship need to [word indistinct] in that country. They are going to have to break some old habits of the past, the past when PNG did have some dependency upon Australia and perhaps Australians were rather excessively cautious of that on their own side of the fence.

[Dorney] Sen. Evans said Australia and PNG now had largely reached the situation where they saw themselves as totally sovereign different countries with different interests who recognize they wouldn't agree on everything. [end recording]

Vanuatu

Power Struggle Within Parties Union Resolved

BK1012084795 Hong Kong AFP in English
1507 GMT 9 Dec 95

[FBIS Transcribed Text] Port Vila, Dec 9 (AFP) — A struggle for power in the next Vanuatu government between Union of Moderate Parties (UMP) President Serge Vohor and incumbent Prime Minister Maxime Carlot ended Saturday when the two agreed to a reconciliation, Vohor said.

The first step was taken late Friday by Carlot, but Vohor initially turned him down as the split between the two, both members of the UMP, appeared to widen with both setting up agreements with rival political parties.

But on Saturday Vohor confirmed he had finally reconciled with Carlot.

"War, and all this, is now buried", he said, adding the previous decision to suspend him from the party had been withdrawn.

A party official added this reconciliation would be followed by a meeting of the UMP's national executive committee Sunday and Monday, when the party will decide which with which party it will form a coalition in the newly elected parliament.

"Before going with another party, UMP must first do a bit of clean-up in its own kitchen. UMP must be united. This time, all the cards are on the table," the source added.

The reconciliation follows a week of infighting.

On Friday Vohor signed a coalition agreement with the Unity Front (UF) leader Donald Kalpokas.

The agreement set down the guidelines and composition of the coalition and followed the signing Monday by the two leaders of a memorandum of understanding giving the UMP, which has 17 seats in the parliament elected a week ago, three ministerial portfolios including deputy prime ministership.

It provided for Kalpokas to become Vanuatu's next prime minister and Vohor deputy prime minister.

Carlot Thursday signed a memorandum of understanding with former prime minister Walter Lini's National United Party (NUP) which has nine seats in the 50 seat parliament.

Lini would have become deputy prime minister, according to the agreement, which gave the NUP four portfolios.

Carlot had earlier this week convened a so-called "special council" of UMP, which resolved to suspend Vohor as UMP president and cancel the agreement signed with the UF, the largest single group with 20 seats in the new parliament, which is to meet on December 18.

Under the Vanuatu constitution the parliament votes for the prime minister from candidates put up by the parties. The new prime minister then announces a government.

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The agreement set down the guidelines and composition of the coalition and followed the signing Monday by the two leaders of a memorandum of understanding giving the UMP, which has 17 seats in the parliament elected a week ago, three ministerial portfolios including deputy prime ministership.

It provided for Kalpokas to become Vanuatu's next prime minister and Vohor deputy prime minister.

Carlot Thursday signed a memorandum of understanding with former prime minister Walter Lini's National United Party (NUP) which has nine seats in the 50 seat parliament.

Lini would have become deputy prime minister, according to the agreement, which gave the NUP four portfolios.

Carlot had earlier this week convened a so-called "special council" of UMP, which resolved to suspend Vohor as UMP president and cancel the agreement signed with the UF, the largest single group with 20 seats in the new parliament, which is to meet on December 18.

Under the Vanuatu constitution the parliament votes for the prime minister from candidates put up by the parties. The new prime minister then announces a government.

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